

10/01/2012 ACTUARIAL VALUATION
APPROVED BY THE BOARD OF TRUSTEES ON SEPTEMBER 19, 2013
CITY CONTRIBUTION OF \$41,077,586

IN CONJUNCTION WITH

ACTUARIAL IMPACT STATEMENT REFLECTING PROPOSED ORDINANCE
CHANGES ADOPTED BY THE CITY COMMISSION ON SEPTEMBER 30, 2013,
WHICH REDUCES THE CITY CONTRIBUTION BY \$5,237,809 TO \$35,839,777
TO BE PAID BEGINNING FISCAL YEAR STARTING OCTOBER 1, 2013

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City Pension Fund for Firefighters and Police Officers in the City of Miami Beach

***Actuarial Valuation Report
as of October 1, 2012***

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September 19, 2013

Board of Trustees
City Pension Fund for Firefighters and Police Officers
in the City of Miami Beach
1691 Michigan Avenue, Suite 355
Miami Beach, FL 33139-2557

Dear Members of the Board:

This report presents the results of the October 1, 2012 actuarial valuation of the City Pension Fund for Firefighters and Police Officers in the City of Miami Beach. This valuation will be used to determine the contributions for the City's fiscal year beginning October 1, 2013.

Plan Amendments and Other Changes Affecting the Financial Status of the Fund

The assumptions used in the valuation are outlined in Table XI. The valuation assumptions were updated as of October 1, 2012 and reflect changes to the investment rate of return, the mortality assumption, the expected salary increases to reflect no cost of living adjustments (COLA) for fiscal year 2013 to fiscal year 2014, and a 3% COLA for fiscal year 2015. There were no plan changes since October 1, 2011. Provisions of the plan are set forth in Table XII.

Summary of Valuation Results

The City contribution requirement for the fiscal year beginning October 1, 2013 is summarized below, payable at October 1, 2013.

Required City contribution for fiscal year beginning 10/1/2013	\$41,077,586
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The City's contribution increased from \$39,371,501 for the 2012/2013 fiscal year to \$41,077,586 for the 2013/2014 fiscal year. The increase in the contribution requirement is due primarily to the following factors: (1) asset losses (Actuarial Value of Assets return of 3.60% vs. expected return of 8.10%), (2) reduction of the interest rate from 8.10% to 8.00% and (3) larger than expected number of participants retiring with higher than expected amount of retirement benefits.

Board of Trustees
September 19, 2013

In addition to the City Contributions, there are expected member contributions of \$4,631,365 and contributions from the Share Plans of \$120,549 to fund the ten year certain and life form of benefit payment.

The City contribution requirements presented above for the 2013/2014 fiscal year reflect an annual payment at the beginning of the fiscal year, which is our understanding of the City's payment schedule. Below we present a breakdown of the interest adjustment to reflect the annual payment for the period October 1, 2013 through September 30, 2014 with the payment due on October 1, 2013.

Normal Cost at October 1, 2012	\$15,069,445
Payment to Amortize Unfunded Liability at October 1, 2012	<u>\$23,986,250</u>
Total	\$39,055,695
Interest at 8.0% per year to October 1, 2013	\$ 3,124,456
Interest adjustment for bi-weekly payment of Expected Member Contributions	<u>\$ 173,389</u>
Preliminary Minimum Required Contribution	\$42,353,540
Estimated Service Buybacks at October 1, 2013	\$ 2,778,819
Estimated Administrative Expenses at October 1, 2013	<u>\$ 697,141</u>
Total Minimum Required Contribution payable October 1, 2013	\$45,829,500
Expected Member Contributions	\$ (4,631,365)
Expected Share Plan Contributions	<u>\$ (120,549)</u>
Estimated City Contribution payable on October 1, 2013	\$41,077,586

GASB 25/27 Information

Governmental Accounting Standards Board Statement Nos. 25 and 27 (GASB 25/27) require the disclosure of certain information. GASB 25 requires disclosure of funding progress and GASB 27 requires the calculation of the net pension obligation and annual pension cost. Results for the 2011/2012 and 2012/2013 fiscal years are shown in Table III.

Contents of the Report

A summary of the results of the valuation is presented in Table I. Information for the auditors can be found in Tables III and IV. Information required by the State of Florida to be disclosed under Chapter 112 is presented in Tables IVb, V and Va. Finally, Tables VI through VIII provide information about the Fund's assets, while Tables IX through IXj provide information about the membership data. Table X is the Historical Contribution Rates.

Board of Trustees
September 19, 2013

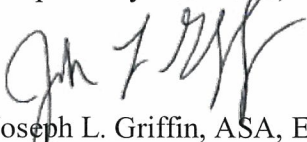
Certification

This actuarial valuation and/or cost determination was prepared and completed by us or under our direct supervision and we acknowledge responsibility for the results. To the best of our knowledge, the results are complete and accurate and, in our opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

In addition, we certify that we have experience in performing actuarial valuations for public sector retirement systems, that the valuation was prepared in accordance with the standards of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the Pension Fund and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the Fund.

The first signatory below is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully Submitted,



Joseph L. Griffin, ASA, EA, MAAA, FCA
Director, Consulting Actuary
Enrolled Actuary No. 11-6938



David P. Campbell
Consultant

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SUMMARY OF VALUATION RESULTS

TABLE I

	As of October 1, 2011	As of October 1, 2012
1. Number of Members		
a. Active Members	457	428
b. Deferred Vested Members	15	16
c. Retired Members:		
i. Non-disabled(excluding DROP)	432	457
ii. DROP	66	77
iii. Disabled	56	56
iv. Beneficiaries	90	92
v. Sub-total	<u>644</u>	<u>682</u>
d. Total Members	<u>1,116</u>	<u>1,126</u>
2. Total Annual Compensation ¹		
a. Base Pay at Valuation Date	\$39,602,838	\$37,289,573
b. Projected Payroll (Base Pay) EOY	\$40,988,937	\$38,594,708
c. Projected Payroll (Pensionable Pay) EOY	\$49,186,724	\$46,313,650
d. Projected Payroll (Pensionable Pay plus DROP) EOY ²	\$58,601,437	\$56,136,914
3. Total Retired Member Benefits	\$46,925,174	\$52,791,227
4. Annual Minimum Required Contribution		
a. Present Value of Future Benefits	\$1,013,221,135	\$1,060,686,520
b. Present Value of Future Normal Cost	\$142,102,506	\$137,946,998
<i>City Portion</i>	<i>\$94,272,169</i>	<i>\$89,552,957</i>
<i>Member Portion</i>	<i>\$47,830,337</i>	<i>\$48,394,041</i>
c. Actuarial Accrued Liability (AAL)	\$871,118,629	\$922,739,522
d. Actuarial Value of Assets	<u>(\$531,821,181)</u>	<u>(\$545,067,653)</u>
e. Unfunded AAL (UAAL)	\$339,297,448	\$377,671,869
f. BOY Normal Cost at Valuation Date	\$16,275,108	\$15,069,445
g. BOY Payment to Amortize Unfunded Liability	\$21,260,501	\$23,986,250
h. Interest Adjustment	\$3,226,768	\$3,297,845
i. Expected Service Buyback	\$2,951,204	\$2,778,819
j. Expected Administrative Expenses	<u>\$697,141</u>	<u>\$697,141</u>
k. EOY Total Minimum Required Contribution	<u>\$44,410,722</u>	<u>\$45,829,500</u>
l. Expected Member Contributions	\$4,918,672	\$4,631,365
m. Expected Share Plans Contributions	\$120,549	\$120,549
n. EOY Estimated City Contributions	<u>\$39,371,501</u>	<u>\$41,077,586</u>
o. EOY Total Minimum Required Contribution	<u>\$44,410,722</u>	<u>\$45,829,500</u>

¹ Description of Total Annual Compensation provided on page 5.

² Not used to generate valuation liabilities. Shown for comparison purposes only.

SUMMARY OF VALUATION RESULTS**TABLE I**
(continued)

	<u>As of</u> <u>October 1, 2011</u>	<u>As of</u> <u>October 1, 2012</u>
5. Annual Cost (as a % of Projected Pensionable Pay, and Projected Pensionable Pay plus DROP)		
a. Total Required Contribution (4o./2c.)	90.29%	98.95%
b. Estimated Share Plans Contribution (4m./2c.)	0.25%	0.26%
c. Expected Member Contribution (4l./2c.)	10.00%	10.00%
d. Estimated City Contribution (4n./2c.)	80.04%	88.69%
e. <i>Estimated City Contribution (4n./2d.)</i>	<i>67.19%</i>	<i>73.17%</i>

¹ Description of Total Annual Compensation (Item 2 of Table I)

a. Base Pay at Valuation Date:

Participant's base pay (including salary, premiums and longevity) at snapshot date of September 30th increased by assumed salary scale to reflect pay increases that are usually granted in October. Premiums are any salary or pay on which longevity is calculated.

b. Projected Payroll (Base Pay) EOY:

Base pay at valuation date projected to the end of year (and beginning of fiscal year for which the city contributions are determined) by assuming an aggregate increase in payroll of 3.50%.

c. Projected Payroll (Pensionable Pay) EOY:

Projected EOY Base Pay loaded by 20% to reflected estimated other pays included in pensionable pay as of October 1, 2009. In prior years the projected pensionable pay was calculated as the Pensionable pay (includes base pay, overtime, holiday pay, allowances, etc.) at snapshot date of September 30th increased by assumed salary scale to reflect pay increases that are usually granted in October. The resulting figure was then projected to the end of year assuming an aggregate increase in payroll of 3.50%.

d. Projected Payroll (Pensionable Pay plus DROP) EOY:

Projected Pensionable Pay plus DROP participants pay at snapshot date of September 30th increased by assumed salary scale to reflect pay increases that are usually granted in October and then projected to the end of the year assuming an aggregate increase in payroll of 3.50%.

1. Actual Unfunded Accrued Liability as of October 1, 2011	\$339,297,448
2. Expected Change in Unfunded Liability During the 2011/2012 Plan Year	
a. Due to Employer Normal Cost for Benefits	\$16,509,448
b. Due to Interest on the Unfunded Liability	\$27,483,093
c. Actual FY2011 City and State Contributions	(\$36,297,459)
d. Due to Interest on Total Minimum Required Contribution	(2,940,094)
e. Total Expected Change	<u>\$4,754,988</u>
3. Expected Unfunded Accrued Liability as of October 1, 2012	<u>\$344,052,436</u>
4. Change in Unfunded Liability During the 2011/2012 Plan Year Due to:	
a. Method changes	\$0
b. Assumption changes	\$7,757,020
c. Plan amendments	\$0
d. Experience*	<u>\$25,862,413</u>
e. Total change	<u>\$33,619,433</u>
5. Actual Unfunded Accrued Liability as of October 1, 2012	<u>\$377,671,869</u>
6. Development of Outstanding Amortization Obligations as of October 1, 2012	
a. Expected Outstanding Obligations as of	\$ 343,797,940
b. Assumption Changes	7,757,020
c. Plan Amendments	0
d. Experience (Gain)/Loss	25,862,413
e. (Gain)/Loss due to Contribution Timing	<u>254,496</u>
f. Total Outstanding Obligations as of	<u>\$ 377,671,869</u>
7. Items Affecting Calculation of Accrued Liability	
a. Plan provisions reflected in the accrued liability (see Table XII on page 46)	
b. Plan amendments reflected in item 4.c. above (see on page 51)	
c. Actuarial assumptions and methods used to determine accrued liability (see Table XI on page 40)	
d. Changes in actuarial assumptions and methods reflected in items 4.a. and 4.b. above (see on page 43)	

* The experience for the 2011/2012 plan year is comprised of \$22,577,553 in asset losses and \$3,759,343 in liability losses.

UNFUNDED ACCRUED LIABILITY CONTRIBUTION RATE CHANGE**TABLE II
(continued)**

7. Expected Unfunded Accrued Liability Contribution Rate as of October 1, 2011	46.73%
8. Net Actuarial (Gains)/Losses During the 2011/2012 Plan Year	
a. Due to Salary/Service/Data	0.28%
b. Due to Investment Performance	3.04%
c. Due to Turnover/Mortality	(2.02%)
d. Due to New Retirements and Retirement Benefits	2.18%
e. Due to New Members	0.04%
f. Total	3.52%
9. Change in Unfunded Accrued Liability Rate During the 2011/2012 Plan Year Due to:	
a. Expected change based on payroll growth assumption	1.74%
b. Assumption changes	1.05%
c. Method changes	0.00%
d. System benefit changes	0.00%
e. Total Change	2.79%
10. Other Effects	2.89%
11. Unfunded Accrued Liability Contribution Rate as of October 1, 2012	55.93%

12. Comments on Change in Unfunded Accrued Liability Contribution Rate:**Salary/Service/Data:**

Actual salary increases averaged 5.63% compared to expected increase of 3.92%.

Investment Performance:

Actual return on AVA of 3.60% compared to expected 8.10% return due to smoothing of prior investment losses. The MVA return was greater than expected at 20.20%.

Turnover/Mortality:

Net effect on the valuation liabilities of actual deaths, retirements, terminations of employment, and disabilities different from what was anticipated in the aggregate by the assumptions related to those events.

New Retirements and Retirement Benefits:

Greater than expected number of and amount of benefits for new retirements.

Assumption Changes:

The discount rate was reduced by 10 basis points from 8.10% to 8.00% and the active members will forego COLA for FY2013 and FY2014 with a 3% COLA increase in FY2015.

Other effects:

This item captures all other effects that contributed to the overall experience loss that are not detailed in items 8 and 9 above. Effects included in this item are "pickups" of plan participants not valued in the prior year, catch-up COLAs for participants who retired more than 1 year and less than 2 years, and data corrections/adjustments from the prior year.

	Plan Year 2011/2012	Plan Year 2012/2013
A. Number of Plan Participants as of October 1		
a. Retirees and beneficiaries receiving benefits	644	682
b. Terminated plan participants entitled to but not yet receiving benefits	15	16
c. Active plan participants	457	428
d. Total	1,116	1,126
B. Development of Annual Required Contribution (ARC)		
a. Employer normal cost:		
i. Total normal cost	\$19,786,660	\$19,923,453
ii. Expected employee contribution	(\$4,971,897)	(\$4,918,672)
iii. Employer normal cost	\$14,814,763	\$15,004,781
b. Amortization of UAAL:		
i. PV of future benefits	\$957,920,053	\$1,013,221,135
ii. PV of future employer normal costs	(\$93,122,711)	(\$94,272,169)
iii. PV of future employee contributions	(\$47,156,429)	(\$47,830,337)
iv. Actuarial accrued liability (AAL)	\$817,640,913	\$871,118,629
v. Actuarial value of assets	(\$525,709,407)	(\$531,821,181)
vi. Unfunded AAL (UAAL)	\$291,931,506	\$339,297,448
vii. Amort. of UAAL	\$19,970,305	\$22,982,602
c. ARC	\$34,785,068	\$37,987,383
(Item B.a.iii. plus item B.b.vii.)		
C. Annual Pension Cost and Net Pension Obligation (NPO)		
a. ARC	\$34,785,068	\$37,987,383
b. Interest on NPO	\$5,125	(\$120,581)
c. Adjustment to ARC	\$0	\$0
d. Annual Pension Cost	\$34,790,193	\$37,866,802
e. Contributions made	(\$36,297,459)	
f. Increase(decrease) in NPO	(\$1,507,266)	
g. NPO (beginning of year)	\$0	
h. NPO (end of year)	(\$1,507,266)	

D. Three Year Trend Information

Year Ended September 30	Annual Pension Cost(APC)	Percentage Contributed	Net Pension Obligation
2010	\$22,378,481	100%	0
2011	\$32,874,836	100%	0
2012	\$34,790,193	104%	0

E. Schedule of Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) – (1)	(4) Funded Ratio (1) ÷ (2)	(5) Covered Payroll *	(6) UAAL as % of Covered Payroll (3) ÷ (5)
10/1/2007	\$495,993,903	\$632,992,587	\$136,998,684	78.4%	\$40,060,096	342.0%
10/1/2008	\$507,363,812	\$683,731,944	\$176,368,132	74.2%	\$53,153,934	331.8%
10/1/2009	\$517,602,834	\$784,395,822	\$266,792,988	66.0%	\$51,636,070	516.7%
10/1/2010	\$525,709,407	\$817,640,913	\$291,931,506	64.3%	\$49,718,966	587.2%
10/1/2011	\$531,821,181	\$871,118,629	\$339,297,448	61.1%	\$49,186,724	689.8%
10/1/2012	\$545,067,653	\$922,739,522	\$377,671,869	59.1%	\$46,313,650	815.5%

F. Additional Information

Valuation date	<u>October 1, 2011</u>	<u>October 1, 2012</u>
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent Closed	Level Percent Closed
Remaining amortization period	21 to 30 Years	20 to 30 Years
Asset valuation method	Market Related Value	Market Related Value
Actuarial assumptions:		
Investment rate of return	8.10%	8.00%
Projected salary increases	2.87% - 9.87%	2.87% - 9.87%
Includes projected payroll	3.50%	3.50%
Cost-of-living adjustments	0.00%	0.00%

* The historical covered payroll was updated in this valuation to reflect the projected pensionable payroll. All prior reports reflect the base pay at the valuation date.

1. Actuarial Present Value of Accrued Benefits

	As of October 1, 2011	As of October 1, 2012
a. Vested Accrued Benefits:		
i. Participants currently receiving benefits	\$623,237,295	\$713,132,257
ii. Other participants	\$154,214,550	\$120,906,735
iii. Sub-total	\$777,451,845	\$834,038,992
b. Non-vested Accrued Benefits	\$34,521,952	\$30,008,206
c. Total Benefits	\$811,973,797	\$864,047,198
d. Market Value of Assets	\$523,126,011	\$622,408,229
e. Percentage Funded	64%	72%
f. Discount Rate	8.10%	8.00%

2. Statement of Changes in Total Actuarial Present Value of All Accrued Benefits

a. Actuarial Present Value as of October 1, 2011	\$811,973,797
b. Increase (Decrease) During 2011/2012 Plan Year Attributable to:	
i. Interest	\$63,796,483
ii. Benefits accumulated	\$26,269,706
iii. Benefits paid	(\$48,725,783)
iv. Method Change	\$0
v. Plan amendments	\$0
vi. Changes in actuarial assumptions or methods	\$10,732,995
vii. Net increase (decrease)	\$52,073,401
c. Actuarial Present Value as of October 1, 2012	\$864,047,198

3. Items Affecting Calculation of Actuarial Present Value of Accrued Benefits

- a. Plan provisions reflected in the accrued benefits (see Table XII page 46)
- b. Actuarial assumptions and methods used to determine present values (see Table XI on page 40)

1. Actuarial Present Value of Accrued Benefits

	As of October 1, 2011	As of October 1, 2012
a. Vested Accrued Benefits:		
i. Participants currently receiving benefits	\$646,052,113	\$731,906,031
ii. Other participants	\$166,089,620	\$125,804,853
iii. Sub-total	\$812,141,733	\$857,710,884
b. Non-vested Accrued Benefits	\$34,258,234	\$31,674,897
c. Total Benefits	\$846,399,967	\$889,385,781
d. Market Value of Assets	\$523,126,011	\$622,408,229
e. Percentage Funded	62%	70%
f. Discount Rate	7.75%	7.75%

2. Statement of Changes in Total Actuarial Present Value of All Accrued Benefits

a. Actuarial Present Value as of October 1, 2011	\$846,399,967
b. Increase (Decrease) During 2011/2012 Plan Year Attributable to:	
i. Interest	\$63,707,873
ii. Benefits accumulated	\$26,981,431
iii. Benefits paid	(\$48,725,783)
iv. Method Change	\$0
v. Plan amendments	\$0
vi. Changes in actuarial assumptions or methods	\$1,022,293
vii. Net increase (decrease)	\$42,985,814
c. Actuarial Present Value as of October 1, 2012	\$889,385,781

3. Items Affecting Calculation of Actuarial Present Value of Accrued Benefits

- a. Plan provisions reflected in the accrued benefits (see Table XII page 46)
- b. Actuarial assumptions and methods used to determine present values (see Table XI on page 40)

October 1, 2012			
(Post Assumption Changes)			
	<u>Police</u>	<u>Firefighters</u>	<u>Total</u>
1. Participant Data			
a. Active members:			
i. Number	290	138	428
ii. Total annual base payroll	\$24,029,549	\$13,260,024	\$37,289,573
iii. Projected annual base payroll	\$24,870,583	\$13,724,125	\$38,594,708
iv. Projected annual pensionable payroll	\$29,844,700	\$16,468,950	\$46,313,650
b. Retired members and beneficiaries:			
i. Number	363	263	626
ii. Total annualized benefit	\$28,069,308	\$21,397,971	\$49,467,279
c. Disabled members receiving benefits:			
i. Number	49	7	56
ii. Total annualized benefit	\$2,857,529	\$466,419	\$3,323,948
d. Terminated vested members:			
i. Number	13	3	16
ii. Total annualized benefit	\$174,504	\$101,914	\$276,418
2. Assets			
a. Actuarial value of assets	n/a	n/a	\$545,067,653
b. Market value of assets	n/a	n/a	\$622,408,229
3. Liabilities			
a. Present value of all future expected benefit payments:			
i. Active members:			
Retirement benefits	\$201,602,774	\$110,303,374	\$311,906,148
Vesting benefits	\$322,254	\$295,951	\$618,205
Disability benefits	\$14,959,793	\$7,927,554	\$22,887,347
Death benefits	\$2,185,183	\$1,262,457	\$3,447,640
Sub-total	\$219,070,004	\$119,789,336	\$338,859,340
ii. Terminated vested members	\$2,032,005	\$808,134	\$2,840,139
iii. Retired members and beneficiaries:			
Retired (other than disabled) and beneficiaries	\$377,457,195	\$295,311,083	\$672,768,278
Disabled members	\$35,667,887	\$4,696,092	\$40,363,979
Sub-total	\$413,125,082	\$300,007,175	\$713,132,257
iv. Member contributions (annuities & refunds)	\$3,507,506	\$2,347,278	\$5,854,784
v. Total present value of all future expected ben. pmts.	\$637,734,597	\$422,951,923	\$1,060,686,520
b. Liabilities due and unpaid	\$0	\$0	\$0

	October 1, 2012 (Post Assumption Changes)		
	<u>Police</u>	<u>Firefighters</u>	<u>Total</u>
c. Actuarial accrued liability			
i. Active members:			
Retirement benefits	\$129,680,123	\$65,035,149	\$194,715,272
Vesting benefits	\$870,578	\$691,897	\$1,562,475
Disability benefits	\$6,195,837	\$3,011,166	\$9,207,003
Death benefits	\$843,424	\$438,951	\$1,282,375
Sub-total	\$137,589,962	\$69,177,163	\$206,767,125
ii. Terminated vested members	\$2,032,005	\$808,134	\$2,840,139
iii. Retired members and beneficiaries:			
Retired (other than disabled) and beneficiaries	\$377,457,195	\$295,311,083	\$672,768,278
Disabled members	35,667,887	4,696,092	40,363,979
Sub-total	\$413,125,082	\$300,007,175	\$713,132,257
iv. Total	\$552,747,049	\$369,992,472	\$922,739,521
d. Entry Age Normal Unfunded actuarial accrued liability	n/a	n/a	\$377,671,868
4. Actuarial Present Value of Accrued Benefits	\$514,049,040	\$349,998,158	\$864,047,198
(please reference Table IV for details concerning the present value of accrued benefits)			
5. Pension Cost			
a. Normal cost (including administrative expenses):			
i. Retirement benefits	\$8,906,918	\$4,857,986	\$13,764,904
ii. Vesting benefits	\$349,573	\$194,372	\$543,945
iii. Disability benefits	\$1,122,955	\$562,973	\$1,685,928
iv. Death benefits	\$182,875	\$97,349	\$280,224
v. Administrative expenses	\$348,571	\$348,571	\$697,142
vi. Sub-total	\$10,910,892	\$6,061,251	\$16,972,143
vii. as a percent of projected pensionable payroll (interest adjusted)	36.56%	36.80%	36.65%
b. Payment to amortize unfunded liability	n/a	n/a	\$25,905,150
as a percent of projected pensionable payroll (interest adjusted)	n/a	n/a	55.93%
c. Service Buyback	\$1,790,682	\$988,137	\$2,778,819
as a percent of projected base payroll	6.00%	6.00%	6.00%
d. Amount to be contributed by members	\$2,984,470	\$1,646,895	\$4,631,365
as a percent of projected pensionable payroll	10.00%	10.00%	10.00%
e. Interest Adjustment for Expected Member Contributions	\$111,733	\$61,656	\$173,389
as a percent of projected pensionable payroll	0.37%	0.37%	0.37%
f. Expected Share Plans Contributions	\$70,669	\$49,880	\$120,549
as a percent of projected pensionable payroll	0.24%	0.30%	0.26%
g. Expected City Contribution	n/a	n/a	\$41,077,587
as a percent of projected pensionable payroll	n/a	n/a	88.69%

	<u>October 1, 2012</u>		
	(Post Assumption Changes)		
	<u>Police</u>	<u>Firefighters</u>	<u>Total</u>
6. Past Contributions (For year ending September 30,2012)			
a. Required Employer and State contribution	n/a	n/a	\$34,537,068
b. Actual contribution made by:			
i. Employer	n/a	n/a	\$32,691,021
ii. Members	n/a	n/a	\$5,525,395
iii. State (Share Plans)	n/a	n/a	\$120,549
7. Net actuarial (gain)/loss	n/a	n/a	\$26,116,909
8. Other disclosures			
a. Present value of active members':			
i. Future salaries:			
at attained age	\$208,205,792	\$130,210,076	\$338,415,868
at entry age	n/a	n/a	n/a
ii. Future contributions:			
at attained age	\$30,204,819	\$18,189,222	\$48,394,041
at entry age	n/a	n/a	n/a
b. Present value of future contributions from City and State	\$54,782,729	\$34,770,228	\$89,552,957
c. Amount of active members' accumulated contributions	\$30,768,429	\$15,393,637	\$46,162,066

October 1, 2012			
(Pre Assumption Changes)			
	<u>Police</u>	<u>Firefighters</u>	<u>Total</u>
9. Participant Data			
a. Active members:			
i. Number	290	138	428
ii. Total annual base payroll	\$24,029,549	\$13,260,024	\$37,289,573
iii. Projected annual base payroll	\$24,870,583	\$13,724,125	\$38,594,708
iv. Projected annual pensionable payroll	\$29,844,700	\$16,468,950	\$46,313,650
b. Retired members and beneficiaries:			
i. Number	363	263	626
ii. Total annualized benefit	\$28,069,308	\$21,397,971	\$49,467,279
c. Disabled members receiving benefits:			
i. Number	49	7	56
ii. Total annualized benefit	\$2,855,229	\$462,633	\$3,317,862
d. Terminated vested members:			
i. Number	13	3	16
ii. Total annualized benefit	\$174,504	\$101,914	\$276,418
10. Assets			
a. Actuarial value of assets	n/a	n/a	\$545,067,653
b. Market value of assets	n/a	n/a	\$622,408,229
11. Liabilities			
a. Present value of all future expected benefit payments:			
i. Active members:			
Retirement benefits	\$203,825,264	\$111,337,901	\$315,163,165
Vesting benefits	\$3,501,639	\$2,385,855	\$5,887,494
Disability benefits	\$13,853,416	\$7,350,222	\$21,203,638
Death benefits	\$2,210,758	\$1,275,748	\$3,486,506
Sub-total	\$223,391,077	\$122,349,726	\$345,740,803
ii. Terminated vested members	\$2,000,499	\$793,080	\$2,793,579
iii. Retired members and beneficiaries:			
Retired (other than disabled) and beneficiaries	\$373,170,444	\$291,898,459	\$665,068,903
Disabled members	\$35,305,546	\$4,656,127	\$39,961,673
Sub-total	\$408,475,990	\$296,554,586	\$705,030,576
iv. Member contributions (annuities & refunds)	\$336,193	\$263,765	\$599,958
v. Total present value of all future expected ben. pmts.	\$634,203,759	\$419,961,157	\$1,054,164,916
b. Liabilities due and unpaid	\$0	\$0	\$0

	October 1, 2012 (Pre Assumption Changes)		
	<u>Police</u>	<u>Firefighters</u>	<u>Total</u>
c. Actuarial accrued liability			
i. Active members:			
Retirement benefits	\$130,628,026	\$65,434,681	\$196,062,707
Vesting benefits	\$857,649	\$682,997	\$1,540,646
Disability benefits	\$5,566,748	\$2,701,083	\$8,267,831
Death benefits	\$846,942	\$440,220	\$1,287,162
Sub-total	\$137,899,365	\$69,258,981	\$207,158,346
ii. Terminated vested members	\$2,000,499	\$793,080	\$2,793,579
iii. Retired members and beneficiaries:			
Retired (other than disabled) and beneficiaries	\$373,170,444	\$291,898,459	\$665,068,903
Disabled members	35,305,546	4,656,127	39,961,673
Sub-total	\$408,475,990	\$296,554,586	\$705,030,576
iv. Total	\$548,375,854	\$366,606,647	\$914,982,501
d. Entry Age Normal Unfunded actuarial accrued liability	n/a	n/a	\$369,914,848
12. Actuarial Present Value of Accrued Benefits	\$507,640,874	\$345,673,329	\$853,314,203
(please reference Table IV for details concerning the present value of accrued benefits)			
13. Pension Cost			
a. Normal cost (including administrative expenses):			
i. Retirement benefits	\$8,880,887	\$4,831,883	\$13,712,770
ii. Vesting benefits	\$344,348	\$191,486	\$535,834
iii. Disability benefits	\$1,036,374	\$519,134	\$1,555,508
iv. Death benefits	\$181,206	\$96,475	\$277,681
v. Administrative expenses	\$348,571	\$348,571	\$697,142
vi. Sub-total	\$10,791,386	\$5,987,549	\$16,778,935
vii. As a percent of projected base payroll (interest adjusted)	36.16%	36.36%	36.23%
b. Payment to amortize unfunded liability	n/a	n/a	\$25,421,055
as a percent of projected base payroll (interest adjusted)	n/a	n/a	54.89%
c. Service Buyback	\$1,790,682	\$988,137	\$2,778,819
as a percent of projected base payroll	6.00%	6.00%	6.00%
d. Amount to be contributed by members	\$2,984,470	\$1,646,895	\$4,631,365
as a percent of projected base payroll	10.00%	10.00%	10.00%
e. Interest Adjustment for Expected Member Contributions	\$113,091	\$62,406	\$175,497
as a percent of projected base payroll	0.38%	0.38%	0.38%
f. Expected Share Plans Contributions	\$70,669	\$49,880	\$120,549
as a percent of projected base payroll	0.24%	0.30%	0.26%
g. Expected City Contribution	n/a	n/a	\$40,402,392
as a percent of projected base payroll	n/a	n/a	87.24%

	October 1, 2012 (Pre Assumption Changes)		
	<u>Police</u>	<u>Firefighters</u>	<u>Total</u>
14. Past Contributions (For year ending September 30,2012)			
a. Required Employer and State contribution	n/a	n/a	\$34,537,068
b. Actual contribution made by:			
i. Employer	n/a	n/a	\$32,691,021
ii. Members	n/a	n/a	\$5,525,395
iii. State (Share Plans)	n/a	n/a	\$120,549
15. Net actuarial (gain)/loss	n/a	n/a	\$26,116,909
16. Other disclosures			
a. Present value of active members':			
i. Future salaries:			
at attained age	\$213,236,568	\$133,290,875	\$346,527,443
at entry age	n/a	n/a	n/a
ii. Future contributions:			
at attained age	\$30,754,102	\$18,537,816	\$49,291,918
at entry age	n/a	n/a	n/a
b. Present value of future contributions from City and State	\$55,073,803	\$34,816,693	\$89,890,496
c. Amount of active members' accumulated contributions	\$30,768,429	\$15,393,637	\$46,162,066

October 1, 2011

	<u>Police</u>	<u>Firefighters</u>	<u>Total</u>
17. Participant Data			
a. Active members:			
i. Number	306	151	457
ii. Total annual payroll	\$24,906,920	\$14,695,918	\$39,602,838
iii. Projected annual payroll	\$25,778,662	\$15,210,275	\$40,988,937
iv. Projected annual pensionable payroll	\$30,934,395	\$18,252,330	\$49,186,725
b. Retired members and beneficiaries:			
i. Number	344	244	588
ii. Total annualized benefit	\$25,200,191	\$18,401,035	\$43,601,226
c. Disabled members receiving benefits:			
i. Number	49	7	56
ii. Total annualized benefit	\$2,857,529	\$466,419	\$3,323,948
d. Terminated vested members:			
i. Number	14	1	15
ii. Total annualized benefit	\$185,354	\$29,711	\$215,065
18. Assets			
Actuarial Value of Assets	n/a	n/a	\$531,821,181
Market Value of Assets	n/a	n/a	\$523,126,011
19. Liabilities			
a. Present value of all future expected benefit payments:			
i. Active members:			
Retirement benefits	\$219,517,479	\$135,762,485	\$355,279,964
Vesting benefits	\$3,556,405	\$2,249,564	\$5,805,969
Disability benefits	\$14,482,170	\$7,737,292	\$22,219,462
Death benefits	\$2,177,571	\$1,240,726	\$3,418,297
Sub-total	\$239,733,625	\$146,990,067	\$386,723,692
ii. Terminated vested members	\$2,211,859	\$471,035	\$2,682,894
iii. Retired members and beneficiaries:			
Retired (other than disabled) and beneficiaries	\$334,898,400	\$249,521,751	\$584,420,151
Disabled members	\$34,166,491	\$4,650,653	\$38,817,144
Sub-total	\$369,064,891	\$254,172,404	\$623,237,295
iv. Member contributions (annuities & refunds)	\$338,210	\$239,044	\$577,254
v. Total present value of all future expected ben. pmts.	\$611,348,585	\$401,872,550	\$1,013,221,135
b. Liabilities due and unpaid	\$0	\$0	\$0

October 1, 2011

	<u>Police</u>	<u>Firefighters</u>	<u>Total</u>
c. Actuarial accrued liability			
i. Active members:			
Retirement benefits	\$143,032,459	\$90,497,375	\$233,529,834
Vesting benefits	\$832,853	\$577,868	\$1,410,721
Disability benefits	\$5,864,239	\$3,131,487	\$8,995,726
Death benefits	\$808,507	\$453,652	\$1,262,159
Sub-total	\$150,538,058	\$94,660,382	\$245,198,440
ii. Terminated vested members	\$2,211,859	\$471,035	\$2,682,894
iii. Retired members and beneficiaries:			
Retired (other than disabled) and beneficiaries	\$334,898,400	\$249,521,751	\$584,420,151
Disabled members	34,166,491	4,650,653	38,817,144
Sub-total	\$369,064,891	\$254,172,404	\$623,237,295
iv. Total	\$521,814,808	\$349,303,821	\$871,118,629
d. Unfunded actuarial accrued liability	n/a	n/a	\$339,297,448
20. Actuarial Present Value of Accrued Benefits	\$483,674,586	\$328,299,211	\$811,973,797
(please reference Table IV for details concerning the present value of accrued benefits)			
21. Pension Cost (as a % of payroll)			
a. Normal cost (including administrative expenses):			
i. Retirement benefits	\$9,506,517	\$5,518,961	\$15,025,478
ii. Vesting benefits	\$365,634	\$221,997	\$587,631
iii. Disability benefits	\$1,102,811	\$585,126	\$1,687,937
iv. Death benefits	\$186,714	\$105,631	\$292,345
v. Administrative expenses	\$348,571	\$348,571	\$697,142
vi. Sub-total	\$11,510,247	\$6,780,286	\$18,290,533
vii. As a percent of projected payroll (interest adjusted)	37.21%	37.15%	37.18%
b. Payment to amortize unfunded liability	n/a	n/a	\$22,982,602
as a percent of projected payroll (interest adjusted)	n/a	n/a	46.73%
c. Service buyback	\$1,856,064	\$1,095,140	\$2,951,204
as a percent of projected annual payroll	6.00%	6.00%	6.00%
d. Amount to be contributed by members	\$3,093,440	\$1,825,233	\$4,918,673
as a percent of projected annual payroll	10.00%	10.00%	10.00%
e. Interest Adjustment for Expected Member Contributions	\$117,220	\$69,164	\$186,384
as a percent of projected annual payroll	0.38%	0.38%	0.38%
f. Expected Share Plans Contributions	\$70,669	\$49,880	\$120,549
as a percent of projected annual payroll	0.23%	0.27%	0.25%
g. Expected City Contribution	n/a	n/a	\$39,371,501
as a percent of projected annual payroll	n/a	n/a	80.04%

October 1, 2011

	<u>Police</u>	<u>Firefighters</u>	<u>Total</u>
22. Past Contributions (For year ending September 30,2011)			
a. Required Employer and State contribution	n/a	n/a	\$34,537,068
b. Actual contribution made by:			
i. Employer	n/a	n/a	\$32,691,021
ii. Members	n/a	n/a	\$5,525,395
iii. State (Share Plans)	n/a	n/a	\$120,549
23. Net actuarial (gain)/loss	n/a	n/a	\$26,163,889
24. Other disclosures			
a. Present value of active members':			
i. Future salaries:			
at attained age	\$212,226,522	\$128,088,521	\$340,315,043
at entry age	n/a	n/a	n/a
ii. Future contributions:			
at attained age	\$30,176,171	\$17,654,166	\$47,830,337
at entry age	n/a	n/a	n/a
b. Present value of future contributions from City and State	\$59,357,606	\$34,914,563	\$94,272,169
c. Amount of active members' accumulated contributions	\$30,768,429	\$15,393,637	\$46,162,066

UNFUNDED LIABILITY BASES

TABLE Va

Description	Original Amount	2011/2012		2012/2013		Years Remaining
		Outstanding Balance as of	Actual Amortization	Outstanding Balance as of	Expected Amortization	
		October 1, 2011	Payment	October 1, 2012	Payment	
Initial Unfunded Liability	\$11,301,726	\$12,682,519	\$1,004,256	\$12,705,547	\$1,031,047	19
10/01/2002 Method Change	\$12,519,763	\$14,236,745	\$1,093,750	\$14,296,171	\$1,122,551	20
10/01/2003 Amendment	\$1,078,557	\$1,214,539	\$90,721	\$1,222,196	\$93,079	21
10/01/2003 Experience Loss	\$32,473,033	\$36,567,169	\$2,731,415	\$36,797,695	\$2,802,414	21
10/01/2004 Experience Loss	\$34,892,889	\$38,837,800	\$2,826,004	\$39,157,658	\$2,898,522	22
10/01/2005 Method Change	-\$31,074,307	-\$34,130,161	-\$2,423,454	-\$34,471,250	-\$2,484,852	23
10/01/2005 Assumption Change	\$6,250,297	\$6,864,951	\$487,454	\$6,933,558	\$499,804	23
10/01/2005 Experience Loss	\$23,210,540	\$25,493,069	\$1,810,167	\$25,747,841	\$1,856,027	23
10/01/2006 Method Change	-\$4,690,352	-\$5,086,664	-\$353,019	-\$5,145,665	-\$361,849	24
10/01/2006 Experience Loss	\$20,303,584	\$22,019,142	\$1,528,146	\$22,274,547	\$1,566,373	24
10/01/2007 Experience Loss	\$23,808,174	\$25,457,995	\$1,729,369	\$25,790,724	\$1,772,088	25
10/01/2008 Assumption Change	\$5,715,022	\$6,017,530	\$400,645	\$6,104,305	\$410,418	26
10/01/2008 Experience Loss	\$31,543,745	\$33,213,416	\$2,211,336	\$33,692,367	\$2,265,280	26
10/01/2009 Assumption Change	\$22,643,463	\$23,454,951	\$1,532,447	\$23,822,355	\$1,569,368	27
10/01/2009 Experience Loss	\$65,168,739	\$67,504,232	\$4,410,441	\$68,561,634	\$4,516,701	27
10/01/2010 Assumption Change	\$4,429,434	\$4,509,839	\$289,476	\$4,585,660	\$296,365	28
10/01/2010 Experience Loss	\$16,738,664	\$17,042,511	\$1,093,919	\$17,329,035	\$1,119,951	28
10/01/2011 Plan Change	-\$3,040,138	-\$3,040,138	-\$191,910	-\$3,094,479	-\$196,422	29
10/01/2011 Assumption Change	\$16,789,224	\$16,789,224	\$1,059,829	\$17,089,322	\$1,084,744	29
10/01/2011 Experience Loss	\$29,648,778	\$29,648,778	\$1,651,610	\$30,398,719	\$1,929,558	29
10/01/2012 Plan Change	\$0			\$0	\$0	30
10/01/2012 Assumption Change	\$7,757,020			\$7,757,020	\$484,095	30
10/01/2012 Experience Loss	\$26,116,909			\$26,116,909	\$1,629,888	30
Total	\$353,584,764	\$339,297,447	\$22,982,602	\$377,671,869	\$25,905,150	

Date	Projected Unfunded Liability
October 1, 2012	\$377,671,869
October 1, 2013	\$381,980,469
October 1, 2014	\$385,727,076
October 1, 2042	\$0

ASSETS

TABLE VI

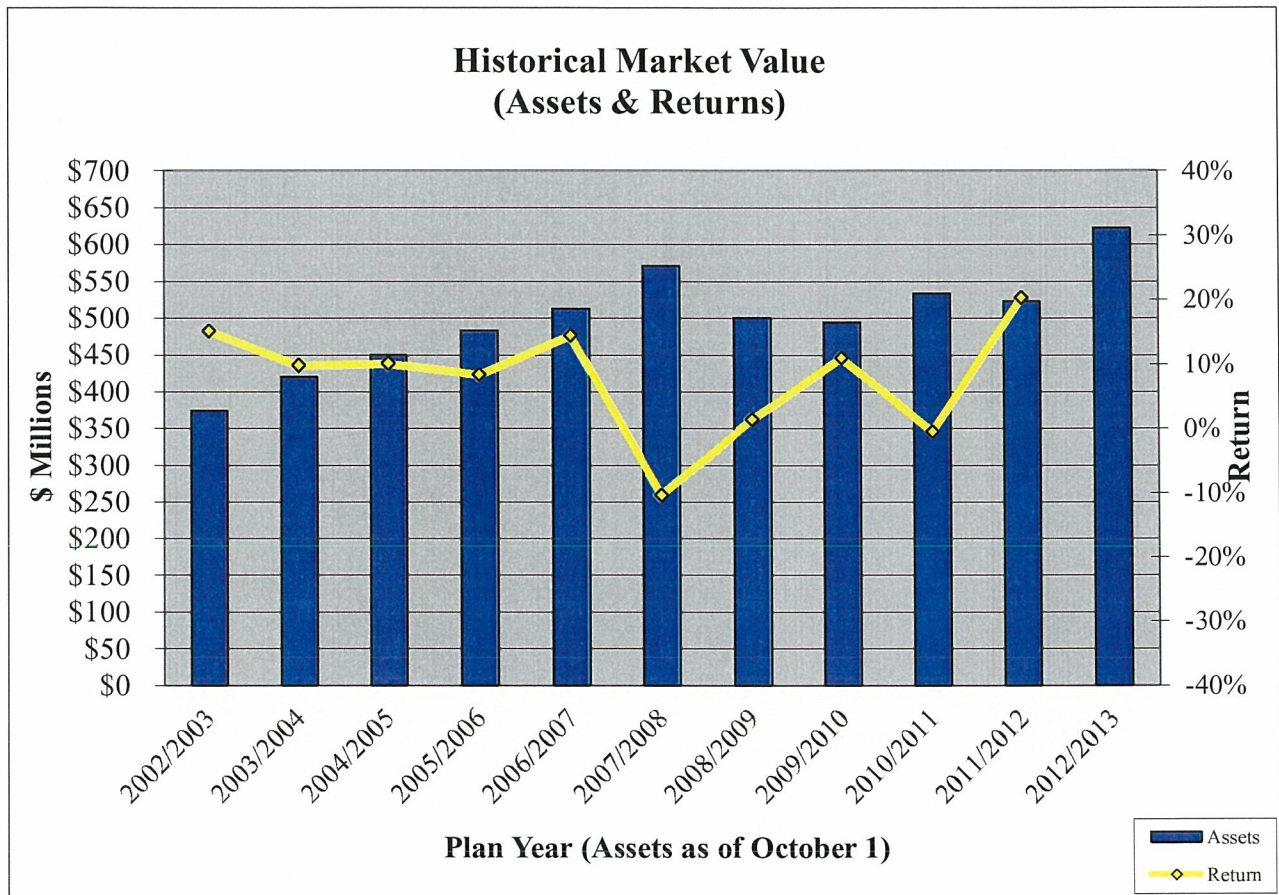
	As of Oct 1, 2011	As of Oct 1, 2012	As of Oct 2, 2013	As of Oct 2, 2014	As of Oct 2, 2015
1. Actuarial Value of Assets AVA (BOY)	525,709,407	531,821,181	-	-	-
2. Market Value of Assets MVA (BOY)	533,495,516	523,126,011	-	-	-
3. Market Value of Assets MVA (EOY)	523,126,011	622,408,229	-	-	-
4. Realized and Unrealized gains /(losses)					
Realized gains/(losses)	19,874,681	83,843,239	-	-	-
Unrealized gains/(losses)	<u>(37,092,596)</u>	<u>8,369,985</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Realized/Unrealized gains/(losses)	(17,217,915)	92,213,224	-	-	-
5. Historical Realized and Unrealized gains /(losses)					
a. Current Year Gains/(Losses)	(17,217,915)	92,213,224	-	-	-
b. First Prior Year Gains/(Losses)	39,329,217	(17,217,915)	92,213,224	-	-
c. Second Prior Year Gains/(Losses)	(9,154,705)	39,329,217	(17,217,915)	92,213,224	-
d. Third Prior Year Gains/(Losses)	(74,282,428)	(9,154,705)	39,329,217	(17,217,915)	92,213,224
e. Fourth Prior Year Gains/(Losses)	<u>57,642,643</u>	<u>(74,282,428)</u>	<u>(9,154,705)</u>	<u>39,329,217</u>	<u>(17,217,915)</u>
	(3,683,188)	30,887,393	105,169,821	114,324,526	74,995,309
6. Phase-In of Realized and Unrealized Gains/(Losses)					
a. Current Year Gains/(Losses) - 20%	(3,443,583)	18,442,645	-	-	-
b. First Prior Year Gains/(Losses) -40%	15,731,687	(6,887,166)	36,885,290	-	-
c. Second Prior Year Gains/(Losses) -60%	(5,492,823)	23,597,530	(10,330,749)	55,327,934	-
d. Third Prior Year Gains/(Losses) - 80%	(59,425,942)	(7,323,764)	31,463,374	(13,774,332)	73,770,579
e. Fourth Prior Year Gains/(Losses) - 100%	<u>57,642,643</u>	<u>(74,282,428)</u>	<u>(9,154,705)</u>	<u>39,329,217</u>	<u>(17,217,915)</u>
	5,011,982	(46,453,183)	48,863,210	80,882,819	56,552,664
7. Actuarial Value of Assets (EOY)					
a. Preliminary AVA [3-5+6]	531,821,181	545,067,653		-	-
b. Upper Corridor Limit: 120%	627,751,213	746,889,875	-	-	-
c. Lower Corridor Limit: 80%	418,500,809	497,926,583	-	-	-
d. Final Actuarial Value of Assets	531,821,181	545,067,653	-	-	-

ASSET RECONCILIATION**TABLE VIa**

1. Market Value of Assets as of October 1, 2011	523,126,011
2. Increases Due to:	
a. Contributions:	
i. City	\$36,176,910
ii. State (Share Plans)	\$120,549
iii. Member Contributions	\$5,069,266
iv. Buybacks	\$2,435,700
v. Transfers In	\$0
vi. Total	<u>\$43,802,425</u>
b. Investment income (interest and dividends)	\$15,448,623
c. Realized gains/(losses)	\$83,843,239
d. Unrealized gains/(losses)	\$8,369,985
e. Total increases	<u><u>\$151,464,272</u></u>
3. Decreases Due to:	
a. Benefit payments	(\$48,520,389)
b. Refund of member contributions	(\$205,394)
c. Investment Expenses	(\$2,597,146)
d. Administrative expenses	(\$859,125)
e. Total decreases	<u><u>(\$52,182,054)</u></u>
4. Market Value of Assets as of October 1, 2012	622,408,229

ASSET RECONCILIATION**TABLE VIa
(continued)**

1. Actuarial Value of Assets as of October 1, 2011	531,821,181
2. Increases Due to:	
a. Contributions:	
i. City	\$36,176,910
ii. State (Share Plans)	\$120,549
iii. Member Contributions	\$5,069,266
iv. Buybacks	\$2,435,700
v. Transfers In	\$0
vi. Total	<u>\$43,802,425</u>
b. Investment income (interest and dividends)	\$15,448,623
c. Realized gains/(losses)	\$83,843,239
d. Unrealized gains/(losses)	(77,665,761)
e. Total increases	<u><u>\$65,428,526</u></u>
3. Decreases Due to:	
a. Benefit payments	(\$48,520,389)
b. Refund of member contributions	(\$205,394)
c. Investment Expenses	(\$2,597,146)
d. Administrative expenses	(\$859,125)
e. Total decreases	<u><u>(\$52,182,054)</u></u>
4. Actuarial Value of Assets as of October 1, 2012	545,067,653



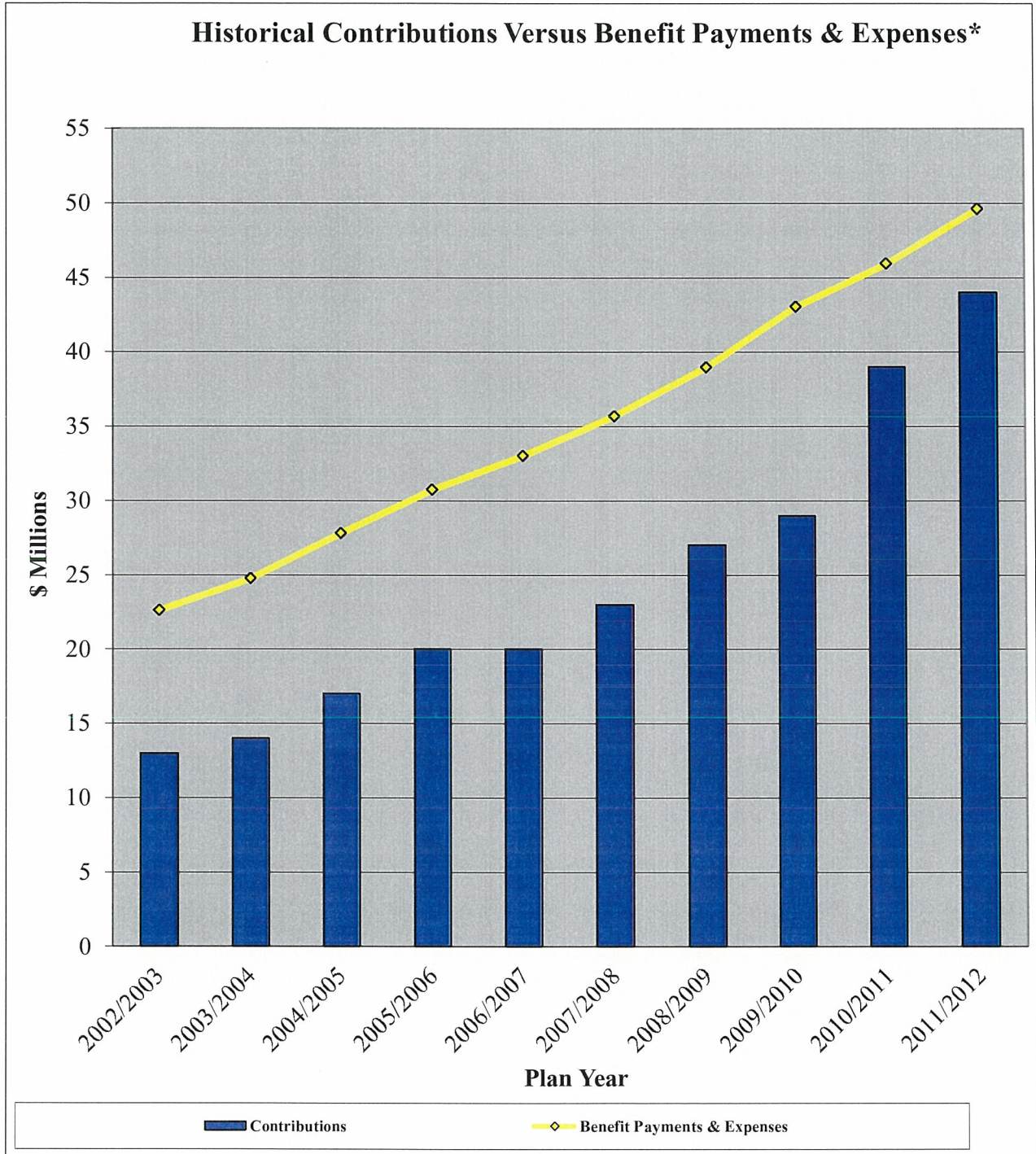
Plan Year	Market Value as of October 1	Actuarial Value as of October 1	Benefit Payments*	Administrative Expenses	City, State and Member Contributions	Market Value Return	Actuarial Value Return
2002/2003	\$373,980,268	\$400,898,095	\$22,072,374	\$521,173	\$13,014,855	15.05%	4.82%
2003/2004	\$419,972,421	\$410,423,595	\$24,173,338	\$564,532	\$14,082,481	9.72%	4.52%
2004/2005	\$449,622,848	\$418,089,222	\$27,202,700	\$581,953	\$16,960,734	9.99%	12.22%
2005/2006	\$483,180,441	\$457,680,582	\$30,109,229	\$633,113	\$19,517,106	8.28%	5.34%
2006/2007	\$511,508,858	\$470,603,144	\$32,367,302	\$646,588	\$20,425,699	14.31%	8.18%
2007/2008	\$571,193,561	\$495,993,903	\$35,014,659	\$641,844	\$23,195,343	-10.43%	4.87%
2008/2009	\$499,788,831	\$507,363,812	\$38,195,186	\$767,484	\$26,702,592	1.35%	4.49%
2009/2010	\$494,211,874	\$517,602,834	\$42,314,959	\$697,141	\$29,393,670	10.85%	4.25%
2010/2011	\$533,495,516	\$525,709,407	\$44,934,423	\$971,906	\$38,595,073	-0.58%	2.57%
2011/2012	\$523,126,011	\$531,821,181	\$48,725,783	\$859,125	\$43,802,425	20.20%	3.60%
2012/2013	\$622,408,229	\$545,067,653					

* includes contributions refunded

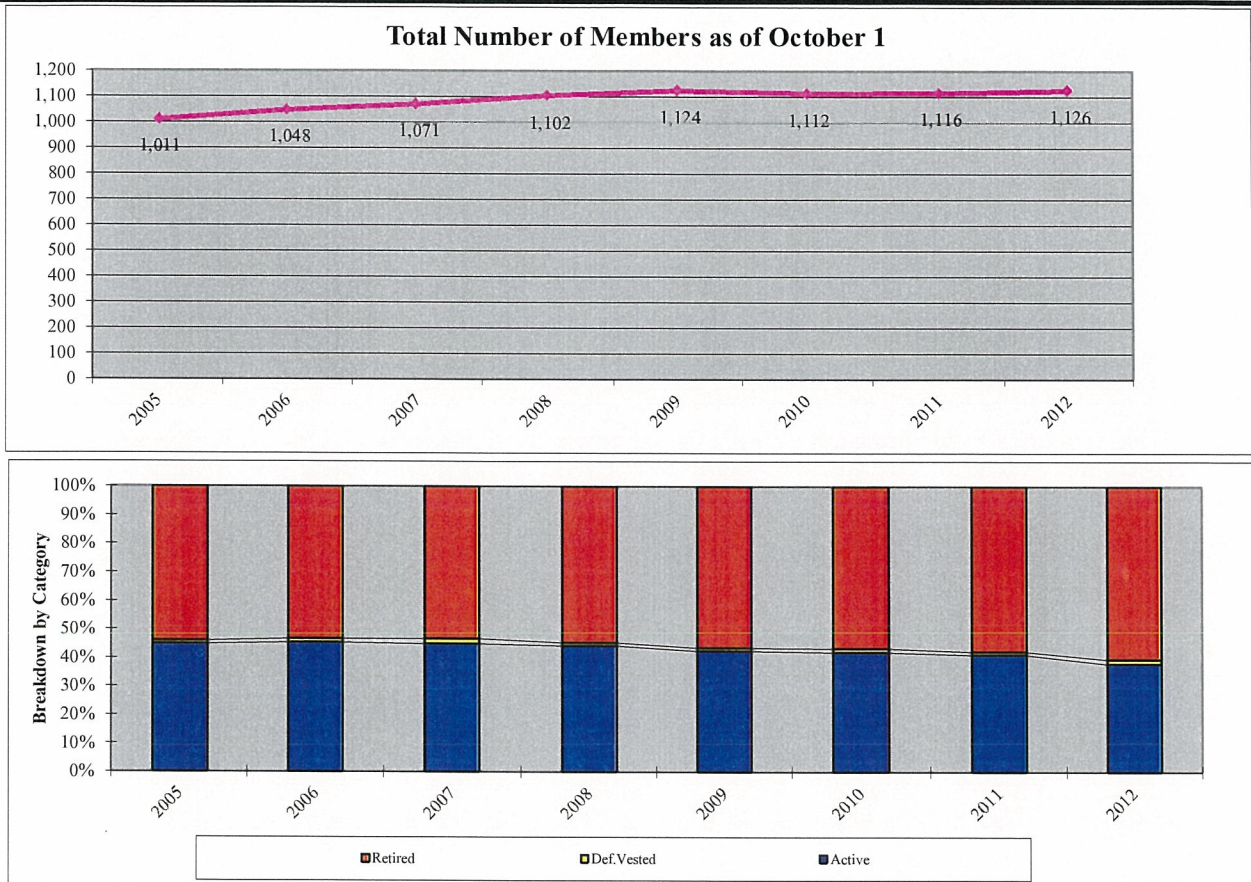
REVENUES BY SOURCE AND EXPENSES BY TYPE**TABLE VIIa**

REVENUES						
Fiscal Year	City Contrib.	Share Plans Contrib.	Member Contrib.	Total Contrib.	Net Invest. Income	Total
2001/2002	\$3,510,328		\$4,242,996	\$7,753,324	(\$1,027,634)	\$6,725,690
2002/2003	\$8,577,326		\$4,437,529	\$13,014,855	\$55,570,845	\$68,585,700
2003/2004	\$9,387,091	\$107,000	\$4,588,390	\$14,082,481	\$40,305,816	\$54,388,297
2004/2005	\$11,857,606	\$120,549	\$4,982,579	\$16,960,734	\$44,381,512	\$61,342,246
2005/2006	\$14,481,287	\$120,549	\$4,915,270	\$19,517,106	\$39,553,653	\$59,070,759
2006/2007	\$15,110,868	\$120,549	\$5,194,282	\$20,425,699	\$72,272,894	\$92,698,593
2007/2008	\$17,497,496	\$120,549	\$5,577,298	\$23,195,343	(\$58,943,570)	(\$35,748,226)
2008/2009	\$20,039,446	\$120,549	\$6,542,597	\$26,702,592	\$24,604,707	\$51,307,299
2009/2010	\$23,283,269	\$120,549	\$5,989,852	\$29,393,670	\$23,972,011	\$53,365,681
2010/2011	\$32,691,021	\$120,549	\$5,783,503	\$38,595,073	\$15,975,606	\$54,570,679
2011/2012	\$36,176,910	\$120,549	\$7,504,966	\$43,802,425	\$21,626,101	\$65,428,526

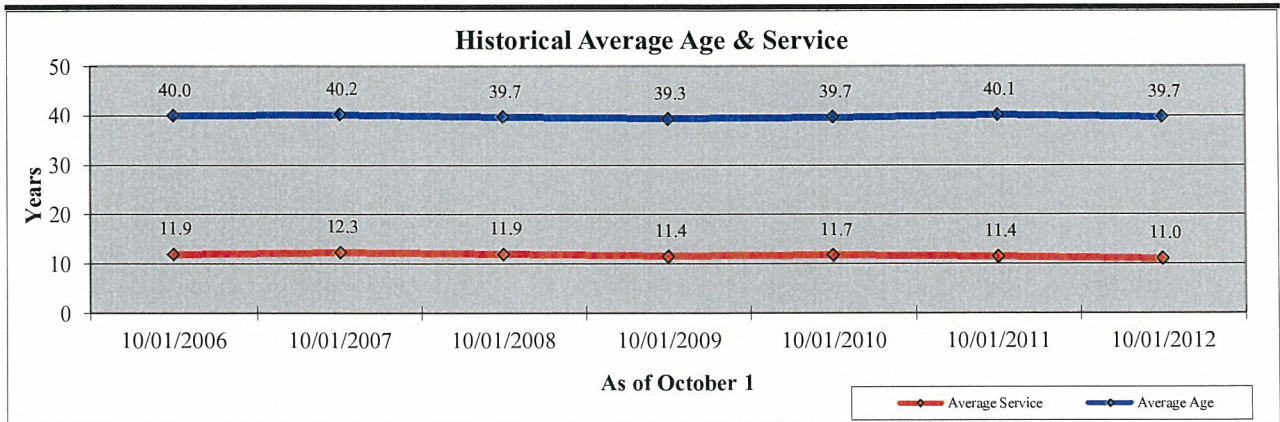
EXPENSES				
Fiscal Year	Benefits Paid	Member Refunds	Administrative Expenses	Total
2001/2002	\$20,107,750	\$102,885	\$498,825	\$20,709,460
2002/2003	\$21,919,356	\$153,018	\$521,173	\$22,593,547
2003/2004	\$24,130,299	\$43,039	\$564,532	\$24,737,870
2004/2005	\$27,168,740	\$33,960	\$581,953	\$27,784,653
2005/2006	\$30,048,732	\$60,497	\$633,113	\$30,742,342
2006/2007	\$32,241,728	\$125,574	\$646,588	\$33,013,890
2007/2008	\$34,912,004	\$102,655	\$641,844	\$35,656,503
2008/2009	\$37,986,970	\$208,216	\$767,484	\$38,962,670
2009/2010	\$42,294,293	\$20,666	\$697,141	\$43,012,100
2010/2011	\$44,826,829	\$107,594	\$971,906	\$45,906,329
2011/2012	\$48,520,389	\$205,394	\$859,125	\$49,584,908



* Please reference Table VIIa on page 26 for the historical benefit payments, expenses, and contributions.



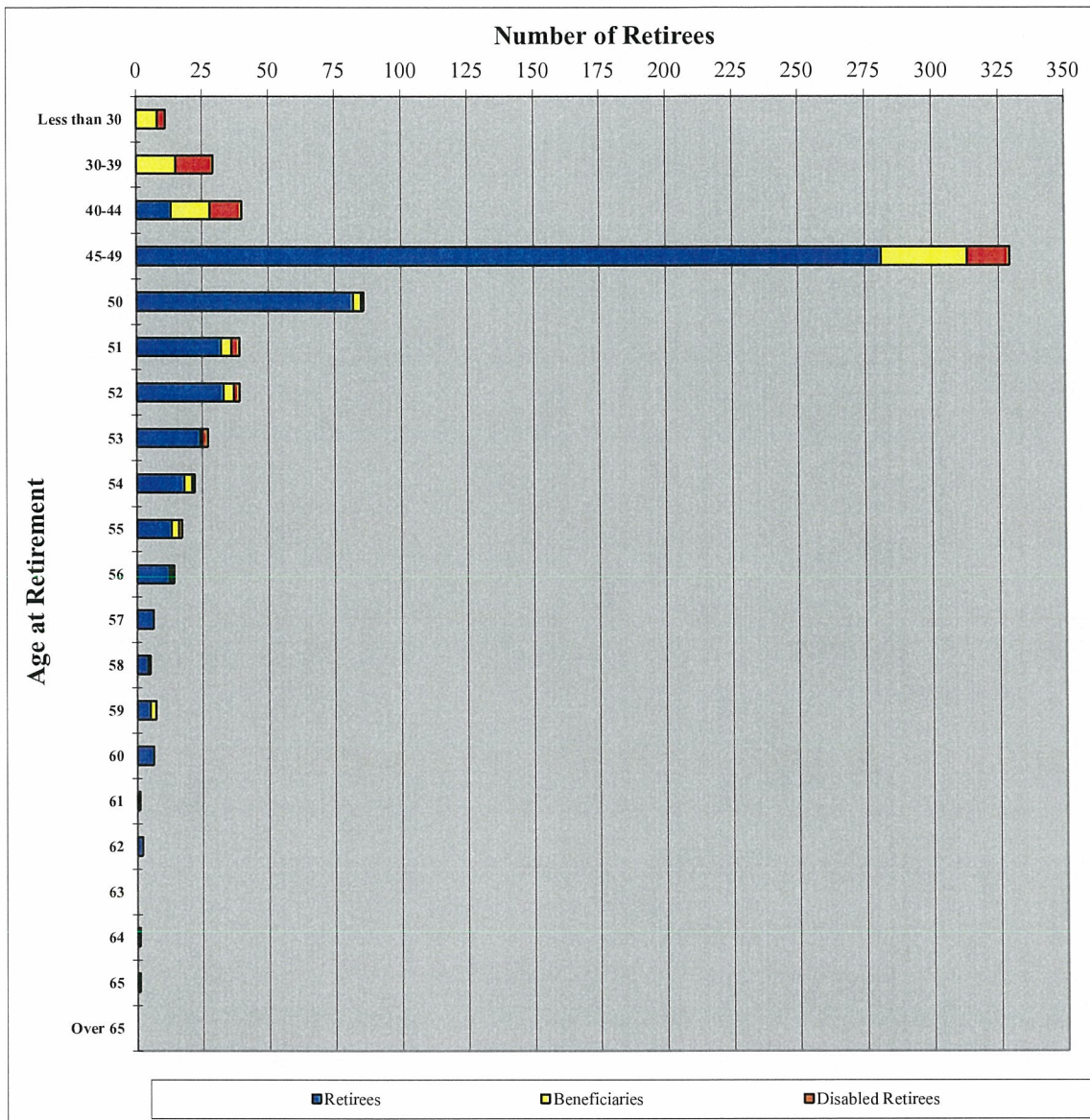
	As of October 1, 2011	As of October 1, 2012
1. Active Members		
a. Police Officers	306	290
b. Firefighters	151	138
c. Sub-total	<u>457</u>	<u>428</u>
2. Non-active, Non-retired Members		
a. Fully or partially vested	15	16
b. Beneficiaries	0	0
c. Sub-total	<u>15</u>	<u>16</u>
3. Retired Members		
a. Non-disabled(excluding DROP)	432	457
b. DROP	66	77
c. Disabled	56	56
d. Beneficiaries	90	92
e. Sub-total	<u>644</u>	<u>682</u>
4. Total Members	<u><u>1,116</u></u>	<u><u>1,126</u></u>



Date	Average Service Earned	Average Attained Age	Date	Average Service Earned	Average Attained Age
10/01/2003	12.9	40.2	10/01/2008	11.9	39.7
10/01/2004	12.9	40.4	10/01/2009	11.4	39.3
10/01/2005	12.6	40.4	10/01/2010	11.7	39.7
10/01/2006	11.9	40.0	10/01/2011	11.4	40.1
10/01/2007	12.3	40.2	10/01/2012	11.0	39.7



Plan Year Ending	Average Salary	Actual Salary Increase	Assumed Salary Increase	Plan Year Ending	Average Salary	Actual Salary Increase	Assumed Salary Increase
09/30/2001	\$58,149	3.78%	4.81%	09/30/2007	\$80,302	9.48%	4.90%
09/30/2002	\$61,847	8.58%	4.82%	09/30/2008	\$83,495	8.77%	4.90%
09/30/2003	\$65,145	6.88%	4.82%	09/30/2009	\$82,132	7.93%	4.40%
09/30/2004	\$67,060	6.25%	4.82%	09/30/2010	\$82,485	2.71%	3.83%
09/30/2005	\$68,855	5.73%	4.80%	09/30/2011	\$83,564	3.40%	3.88%
09/30/2006	\$74,275	7.87%	4.80%	09/30/2012	\$83,075	5.63%	3.92%



Average benefit being paid to non-disabled retirees is \$7,289.33 per month.

Average benefit being paid to disabled retirees is \$4,946.33 per month.

Average benefit being paid to beneficiaries is \$2,497.25 per month.

	<u>Active</u>	<u>Vested</u>	<u>Retired</u>	<u>DROP</u>	<u>Disabled</u>	<u>Beneficiary</u>	<u>Total</u>
1. Number of members as of October 1, 2011	457	15	432	66	56	90	1,116
2. Change in status during the plan year:							
a. Actives who terminated	(5)	4					(1)
b. Actives who retired	(46)		1	44	1		
c. Inactives who became active							
d. Inactives who retired		(1)	1				
e. DROP to Retiree			32	(32)			
f. Rehires	1	(1)					
g. Dormant							
3. No longer members due to:							
a. Death			(10)	(1)	(1)		(12)
b. Permanent break-in-service							
c. Receipt of lump sum payment	(1)	(1)					(2)
d. Expiration of certain period						(6)	(6)
e. Included in error last year							
f. Ineligible							
4. New member due to:							
a. Initial membership	22						22
b. Death of another member						8	8
c. Dormant							
d. Data Correction			1				1
5. Number of members as of October 1, 2012	428	16	457	77	56	92	1,126

AGE-SERVICE-SALARY TABLE
TABLE IXd
(All Active Members)

Attained Age	<u>Completed Years of Service</u>										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25		2									2
Avg.Pay		61,304									61,304
25 to 29	2	27	21								50
Avg.Pay	55,951	63,665	77,910								69,339
30 to 34	2	17	47	8							74
Avg.Pay	58,764	65,435	80,902	95,951							78,377
35 to 39	5	18	20	30	5						78
Avg.Pay	57,245	67,695	78,712	89,103	87,434						79,349
40 to 44	1	8	21	34	40	9	2				115
Avg.Pay	58,764	64,462	80,118	84,385	91,108	106,954	96,561				86,314
45 to 49		3	8	18	31	19	3				82
Avg.Pay		67,039	76,122	92,164	92,698	100,155	122,734				92,852
50 to 54		1	1	6	7	5	1				21
Avg.Pay		61,805	98,059	88,410	93,068	95,384	121,811				92,406
55 to 59				3	1	1					5
Avg.Pay				78,785	80,661	102,842					83,972
60 to 64			1								1
Avg.Pay			76,909								76,909
65 & up											
Avg.Pay											
70 & up											
Avg.Pay											
Total	10	76	119	99	84	34	6				428
Avg.Pay	57,442	65,146	79,657	88,238	91,515	101,332	113,856				83,075

AGE-SERVICE-SALARY TABLE
TABLE IXe
(Police Officers)

Attained Age	<u>Completed Years of Service</u>										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25											
Avg.Pay											
25 to 29	2	14	9								25
Avg.Pay	55,951	61,153	67,855								63,150
30 to 34	2	9	28	5							44
Avg.Pay	58,764	65,978	75,521	87,143							74,128
35 to 39	4	8	15	17	5						49
Avg.Pay	57,358	64,203	76,302	82,292	87,434						75,994
40 to 44	1	6	15	29	36	5	2				94
Avg.Pay	58,764	64,765	74,658	81,059	88,599	97,338	96,561				82,844
45 to 49		3	8	9	25	12	2				59
Avg.Pay		67,039	76,122	79,783	85,345	97,082	104,256				85,343
50 to 54		1		5	5	3					14
Avg.Pay		61,805		83,749	85,331	95,117					85,183
55 to 59				3	1						4
Avg.Pay				78,785	80,661						79,254
60 to 64			1								1
Avg.Pay			76,909								76,909
65 to 69											
Avg.Pay											
70 & up											
Avg.Pay											
Total	9	41	76	68	72	20	4	0	0	0	290
Avg.Pay	57,514	63,782	74,679	81,743	87,051	96,851	100,409	0	0	0	79,218

AGE-SERVICE-SALARY TABLE
TABLE IXf
(Firefighters)

Attained Age	<u>Completed Years of Service</u>										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25		2									2
Avg.Pay		61,304									61,304
25 to 29		13	12								25
Avg.Pay		66,371	85,452								75,530
30 to 34		8	19	3							30
Avg.Pay		64,825	88,833	110,631							84,611
35 to 39	1	10	5	13							29
Avg.Pay	56,791	70,489	85,942	98,010							85,018
40 to 44		2	6	5	4	4					21
Avg.Pay		63,554	93,767	103,673	113,692	118,974					101,845
45 to 49				9	6	7	1				23
Avg.Pay				104,545	123,334	105,423	159,691				112,111
50 to 54			1	1	2	2	1				7
Avg.Pay			98,059	111,714	112,409	95,785	121,811				106,853
55 to 59						1					1
Avg.Pay						102,842					102,842
60 to 64											
Avg.Pay											
65 & up											
Avg.Pay											
70 & up											
Avg.Pay											
Total	1	35	43	31	12	14	2				138
Avg.Pay	56,791	66,744	88,456	102,484	118,299	107,734	140,751				91,180

INACTIVES BENEFIT DISTRIBUTION TABLE
TABLE IXg
(Retired Participants)

Attained Age	<u>Years Retired</u>									
	Under 1	1	2 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 & up	Total
Under 25 Avg Ann Ben										
25 to 34 Avg Ann Ben										
35 to 44 Avg Ann Ben										
45 to 49 Avg Ann Ben	26 116,648	6 102,808	20 109,768	1 140,704						53 112,939
50 to 54 Avg Ann Ben	16 109,396	13 95,018	44 104,452	47 102,686						120 103,398
55 to 59 Avg Ann Ben	4 92,072	1 101,426	13 97,290	60 88,102	25 91,535					103 90,378
60 to 64 Avg Ann Ben		3 94,233	6 85,358	13 74,967	52 83,514					74 82,597
65 to 69 Avg Ann Ben			1 75,929	2 71,831	16 82,001	47 83,032				66 82,335
70 to 74 Avg Ann Ben					1 56,697	7 73,086	31 78,723			39 77,146
75 to 79 Avg Ann Ben					1 90,099	1 62,211	16 92,413	12 42,384		30 71,318
80 to 84 Avg Ann Ben						2 72,340	3 88,204	13 59,463	13 31,580	31 51,382
Over 85 Avg Ann Ben							1 66,275	3 77,384	14 30,152	18 40,031
Total Avg. Pay	46 111,989	23 97,226	84 102,906	123 92,450	95 85,157	57 81,070	51 83,332	28 54,064	27 30,839	534 87,472

INACTIVES BENEFIT DISTRIBUTION TABLE

TABLE IXh

Disabled Participants

Attained Age	<u>Years Retired</u>									Total
	Under 1	1	2 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 & up	
Under 25 Avg Ann Ben										
25 to 34 Avg Ann Ben										
35 to 44 Avg Ann Ben	1 78,724			1 71,368						2 75,046
45 to 49 Avg Ann Ben					1 72,234					1 72,234
50 to 54 Avg Ann Ben				1 71,142	3 63,603	1 63,519	3 51,728	1 42,777		9 58,159
55 to 59 Avg Ann Ben			2 75,559	5 74,221	2 73,569	3 75,924				12 74,761
60 to 64 Avg Ann Ben				2 75,045	2 56,496	2 59,290	2 75,499	1 57,815		9 65,608
65 to 69 Avg Ann Ben				1 69,900		2 64,793	2 75,046	1 46,956	1 26,316	7 60,407
70 to 74 Avg Ann Ben							4 84,005			4 84,005
75 to 79 Avg Ann Ben							1 104,426	2 58,157	3 24,853	6 49,217
80 to 84 Avg Ann Ben								1 57,242	5 22,683	6 28,443
Over 85 Avg Ann Ben										
Total Avg. Pay	1 78,724		2 75,559	10 73,360	8 65,397	8 67,432	12 74,727	6 53,517	9 23,810	56 61,753

INACTIVES BENEFIT DISTRIBUTION TABLE

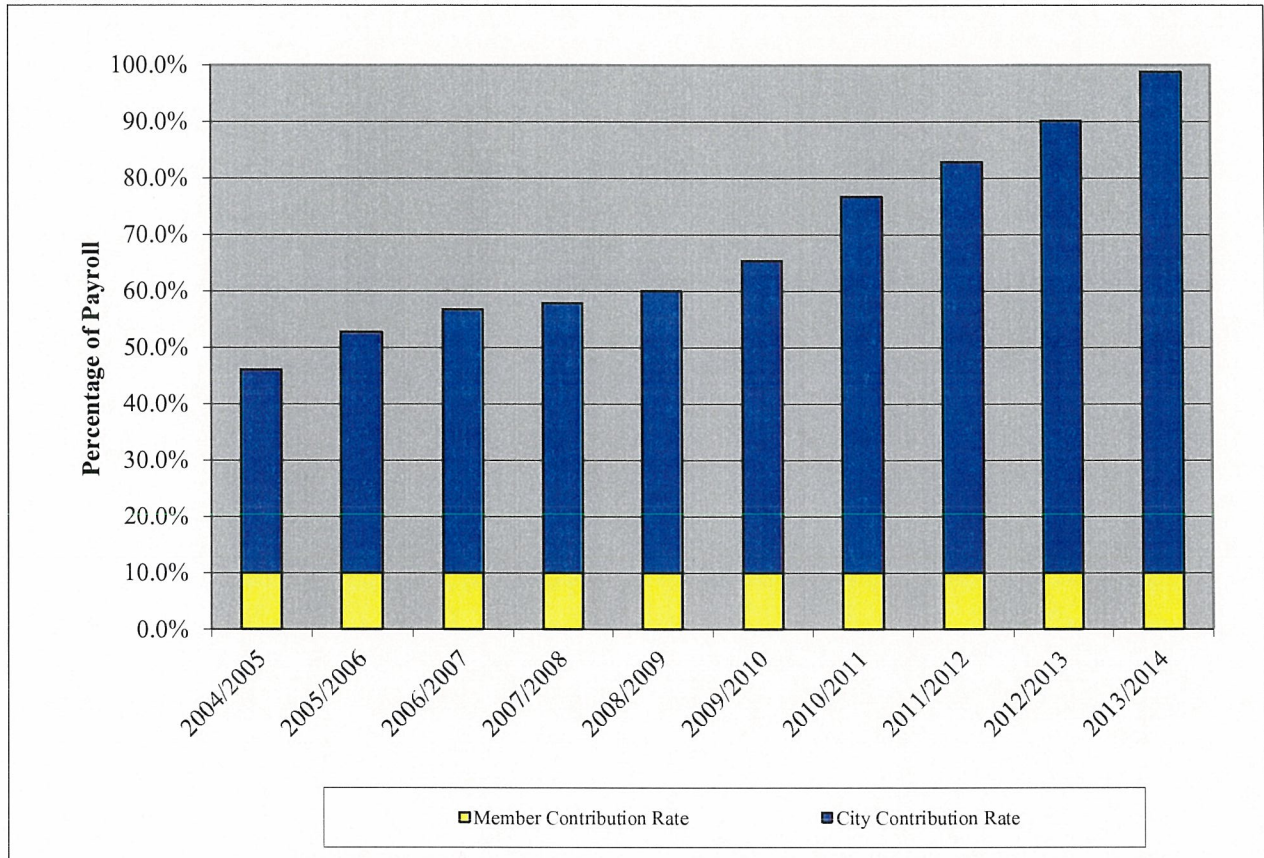
TABLE IXi

Beneficiaries

Attained Age	<u>Years Retired</u>									
	Under 1	1	2 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 & up	Total
Under 25 Avg Ann Ben										
25 to 34 Avg Ann Ben				2 52,814						2 52,814
35 to 44 Avg Ann Ben					2 31,428					2 31,428
45 to 49 Avg Ann Ben			1 49,926							1 49,926
50 to 54 Avg Ann Ben				1 55,306			1 54,956			2 55,131
55 to 59 Avg Ann Ben				1 111,043	1 35,871		1 45,109	2 21,377		5 46,955
60 to 64 Avg Ann Ben			1 40,491		1 66,001	1 56,423	1 11,314	1 16,572	2 17,798	7 32,342
65 to 69 Avg Ann Ben				1 98,372		2 71,692	3 57,494	1 36,772	5 19,059	12 45,525
70 to 74 Avg Ann Ben						3 70,460	2 58,271	1 26,433	7 14,344	13 34,982
75 to 79 Avg Ann Ben							3 49,149	2 10,360	9 20,443	14 25,154
80 to 84 Avg Ann Ben							1 50,657	1 84,073	15 15,422	17 21,533
Over 85 Avg Ann Ben									17 14,579	17 14,579
Total Avg. Pay			2 45,208	5 74,070	4 41,182	6 68,531	12 49,876	8 28,416	55 16,263	92 29,967

INACTIVES BENEFIT DISTRIBUTION TABLE**TABLE IXj****(Non-Active, Non-Retired)**

Attained Age	Count	Total Annual Benefits	Accumulated Contributions with Interest
Under 25			
25 to 34	3	36,299	41,095
35 to 44	6	104,221	98,097
45 to 49	6	106,187	26,719
50 to 54	1	29,711	
55 to 60			
Over 60			
Total	16	276,418	165,911



Fiscal Year	Member Contribution Percentage	Expected City Contribution Percentage	Fiscal Year	Member Contribution Percentage	Expected City Contribution Percentage
2004/2005	10.00%	36.03%	2009/2010	10.00%	55.32%
2005/2006	10.00%	42.75%	2010/2011	10.00%	66.66%
2006/2007	10.00%	46.71%	2011/2012	10.00%	72.76%
2007/2008	10.00%	47.82%	2012/2013	10.00%	80.04%
2008/2009	10.00%	50.02%	2013/2014	10.00%	88.69%

ACTUARIAL ASSUMPTIONS**TABLE XI****1. Actuarial Cost Method**

- Entry Age Normal Cost Method

2. Decrements

- **Pre-Retirement Mortality**

RP-2000 Combined Mortality Table with a blue collar adjustment projected 15 years from valuation date.

- **Post-Retirement Healthy Mortality**

RP-2000 Combined Mortality Table with a blue collar adjustment projected 7 years from valuation date.

- **Post-Retirement Disabled Mortality**

RP-2000 Disabled Mortality Table

- **Disability**

Representative values of the assumed annual rates of disability among members in active service are as follows:

Age	Ordinary Disability Rate	Accidental Disability Rate	Age	Ordinary Disability Rate	Accidental Disability Rate
20	.0004	.0003	45	.0032	.0026
25	.0006	.0005	50	.0055	.0044
30	.0009	.0007	55	.0079	.0063
35	.0012	.0010	60	.0110	.0090
40	.0018	.0014	64	.0143	.0126

- **Permanent Withdrawal from Active Status**

Representative values of the assumed annual rates of withdrawal among members in active service are as follows:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	0.50%	30	1.25%	40	0.75%	45	0.25%
25	1.00%	35	1.50%				

ACTUARIAL ASSUMPTIONS**TABLE XI**

- **Retirement**

All members are assumed to retire at age 50 with 26.25 years of service, but not later than age 65. Members under age 50 meeting the Rule of 70 are assumed to retire at the rate of 40% per year. Otherwise, retirement is assumed to occur in accordance with the following rates:

Service	Meeting Rule of 70	Not Meeting Rule of 70
Less than 20	20%	2%
20	30%	5%
21	50%	10%
22	30%	10%
23	30%	20%
24	45%	60%
25	65%	60%
26	100%	100%
More than 26	100%	100%

3. Interest Rates

- **Used for Calculating All Liabilities (including GASB 25/27 liabilities)**

8.0% per annum. This interest rate is assumed to be net of investment expenses and commissions

4. Salary Increases

Representative values of the assumed annual rates of future salary increase are as follows:

All years after FY2015

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	5.87%	35	5.87%	50	4.87%	60	3.87%
25	9.87%	40	4.87%	55	4.87%	65	2.87%
30	8.87%	45	4.87%				

The average assumed salary increase rates shown above are reduced by the expected cost of living increases of 2.17% for FY 2013 and 2014 and increased by a 3.0% cost of living increase in FY2015.

5. Loadings for Contingencies

- **Compensation**

Salary rates have been increased by 18.00% to load for overtime and other pays.

- **Pre-Employment Service**

A City contribution of 6.00% of loaded compensation is assumed sufficient to provide for the purchase (or "buyback") of pre-employment service by the membership.

6. Loading for Projected Pensionable Payroll

The Projected Base Pay is loaded by 20.00% to estimate the projected pensionable payroll used to determine the expected member contributions.

7. Marriage Assumptions

- **Percent Married**

77% of members are assumed married or entitled to benefits for dependents, including registered domestic partners.

- **Age Difference Between Spouses**

Male spouses are assumed to be three years older than female spouses.

8. Expenses

Anticipated administrative expenses, *exclusive* of investment expenses and commissions, are assumed to be funded through future City normal contributions. In addition, the interest rate set forth in item 3 above is assumed to be net of investment expenses and commissions.

9. Assets

Actuarial value of assets is equal to the market value of assets adjusted to reflect a five-year phase-in of the net investment gain or loss. At October 1, 2005, the "fresh start method" using the current market value of assets and starting a new five year phase-in of realized and unrealized gains and losses was implemented, recognizing one year of asset performance in the actuarial value of assets.

10. Aggregate Compensation

The aggregate compensation used to compute the accrued liability contribution rate was assumed to increase at a rate of 3.50% per year.

11. DROP Assumption

It is assumed that upon retirement 80% of all active participants will participate in the DROP.

The following assumptions have been changed during the past few years:

1. Effective October 1, 2002:

The actuarial cost method was changed from frozen initial liability to entry age.

2. Effective October 1, 2002:

The amortization of the unfunded accrued liability was changed from level dollar to level percentage of pay, with aggregate payroll assumed to increase at 3.50% per year

3. Effective October 1, 2005:

The “fresh start” method was applied to the actuarial value of assets to begin a new five-year phase-in of realized and unrealized gains and losses.

The retirement rates were increased to reflect retirement experience for participants meeting the age 50 and “Rule of 70” eligibility criteria.

The loadings for contingencies and pre-employment service were increased from 5.00% to 7.00% and from 4.50% to 5.50% respectively.

4. Effective October 1, 2006:

The actuarial valuation system used by Buck Consultants was upgraded effective October 1, 2006. The gain resulting from this upgrade was amortized over 30 years.

5. Effective October 1, 2008:

The interest rate used to calculate all liabilities was reduced to 8.40% from 8.50%.

The salary scale used to project future pay increases was reduced by 50 basis points at each age to reflect the current and projected economic climate.

The loadings for contingencies were increased by 100 basis points (50 basis points for salary rates and 50 basis points for buybacks).

The retirement assumption was updated to reflect an increase in the level of retirements starting at age 45.

6. Effective October 1, 2009:

The interest rate used to calculate all liabilities was reduced from 8.40% to 8.30%.

The mortality rates were changed from the 1983 Group Annuity Mortality Table to the RP-2000 Combined Mortality Table with a blue collar adjustment for healthy lives and the RP2000 Disabled Mortality Table for disabled participants.

An experience study was performed on the plan over the 5 year period October 1, 2003 through October 1, 2008 and the following assumptions were changed to more accurately reflect the plans experience:

- Retirement Rates: The retirement assumption was changed to reflect the results of the experience study.
- Withdrawal Rates: The withdrawal assumption was changed to reflect the results of the experience study.
- Salary Increase Rates: The salary increase assumption was changed to an average increase 3.83% for plan year 2009 to reflect the freeze on COLA for the plan year and to an average increase on 6.00% for all subsequent plan years.
- Load for Overtime and Other Pays: The load for overtime and other pays was changed from 7.50% to 16.00% to reflect the results of the experience study.

A load of 20% was added to the projected base payroll to estimate the projected pensionable payroll used to determine the expected member contributions..

7. Effective October 1, 2010:

The interest rate used to calculate all liabilities was reduced from 8.30% to 8.20%.

The freeze on the cost of living increase component of the salary scale was extended to March 31, 2012.

8. Effective October 1, 2011:

The interest rate used to calculate all liabilities was reduced from 8.20% to 8.10%.

The mortality tables for healthy pre and post retirement participants was projected 15 and 7 years respectively from the valuation date to reflect mortality improvements.

The contingency compensation load for overtime and other pays was increased from 16% to 18% to account for the expected increase in pensionable pay due to the inclusion of off duty pay in the computation of pensionable pay.

9. Effective October 1, 2012:

The interest rate used to calculate all liabilities was reduced from 8.10% to 8.00%.

The mortality tables for healthy pre and post retirement participants was projected 15 and 7 years respectively from the valuation date to reflect mortality improvements.

The expected salary increases for FY2013 and 2014 were reduced by 2.17% to reflect a freeze in the cost of living increases and increased by 3.0% to reflect a 3.0% cost of living increase in FY2015.

1. Monthly Accrued Benefit

3% of average monthly salary multiplied by service up to 15 years (20 years for participants hired after July 14, 2010), plus 4% of average monthly salary multiplied by service in excess of 15 years (20 years for participants hired after July 14, 2010), to a maximum monthly benefit of 90% of average monthly salary. If the member was employed prior to July 1, 1976, the benefit can be no less than that provided by the prior Base Plan assuming its provisions continue after its merger with the prior Supplemental Plan ("grandfathered Base Plan benefit").

Average monthly salary is based upon the highest 2 years of compensation (3 years for participants hired after July 14, 2010). Off-duty pay and a limited portion of overtime pay is included in the average monthly salary except when calculating the grandfathered Base Plan benefit referred to above.

2. Service Retirement Age and Benefit

- **Age**

Age 50 or, if earlier, the date when age plus service equals 70 (Rule of 70). Participants hired after July 14, 2010 must also attain age 48 to meet the rule of 70 criteria. Retiring members may also be eligible to enter the DROP (Deferred Retirement Option Plan).

- **Amount**

Monthly Accrued Benefit

- **Form of Payment**

For members except those retiring prior to November 5, 2003, the normal form of payment is a 75% joint and survivor annuity with a specified beneficiary as provided under the plan. The specified beneficiary will receive a survivor annuity equal to 100% of the total benefit for one year and thereafter the greater of 75% of the total benefit or 25% of the average monthly salary for the two highest paid years. The survivor annuity includes 120 guaranteed monthly payments unless the marriage or domestic partnership was in effect for a period of less than 10 years.

The members may also elect the actuarial equivalent of the 10 year certain and life annuity, with a designated beneficiary, any of the following optional forms of payment:

- 75% joint and contingent survivor annuity
- 66 2/3% joint and contingent annuity with a designated beneficiary
- 50% joint and contingent annuity with a designated beneficiary
- 25% joint and contingent annuity with a designated beneficiary
- 10 year certain and life annuity with a designated beneficiary

Members who retired prior to November 5, 2003 were subject to different normal and optional forms of payment.

3. Disability Retirement Age and Benefit

- **Condition**

For a service connected disability benefit, the member must become totally and permanently disabled in the line of duty;

For a non-service connected disability benefit, the member must otherwise become totally and permanently disabled and have at least five years of service.

- **Amount**

For a service connected disability benefit: Monthly Accrued Benefit, with a minimum benefit of 85% of compensation.

For a non-service connected disability benefit: Monthly Accrued Benefit.

4. Withdrawal Retirement Age and Benefit

- **Age**

Any age prior to 50 with at least 10 years of service;

- **Amount**

Monthly Accrued Benefit (payable if participant survives to Service Retirement Age);

- **Form of Payment**

For members except those retiring prior to November 5, 2003, the normal form of payment is a 75% joint and survivor annuity with a specified beneficiary as provided under the plan. The specified beneficiary will receive a survivor annuity equal to 100% of the total benefit for one year and thereafter the greater of 75% of the total benefit or 25% of the average monthly salary for the two highest paid years. The survivor annuity includes 120 guaranteed monthly payments unless the marriage or domestic partnership was in effect for a period of less than 10 years.

The members may also elect the actuarial equivalent of the 10 year certain and life annuity, with a designated beneficiary, any of the following optional forms of payment:

- 75% joint and contingent survivor annuity
- 66 2/3% joint and contingent annuity with a designated beneficiary
- 50% joint and contingent annuity with a designated beneficiary
- 25% joint and contingent annuity with a designated beneficiary
- 10 year certain and life annuity with a designated beneficiary

Members who retired prior to November 5, 2003 were subject to different normal and optional forms of payment.

5. Death Benefits

- **Service connected death benefit**

Greater of Monthly Accrued Benefit and 85% of compensation payable as a monthly benefit to the widow until death, to unmarried children in equal shares until age 18 (until age 22 if a full-time student or until recovery from disability if disabled), or to dependent parents in equal shares.

- **Non-service connected death benefit**

For members with at least five years of service, Monthly Accrued Benefit is payable for the first 12 months after death and 75% of the Monthly Accrued Benefit is payable thereafter (with a minimum benefit of 25% of average monthly salary); benefits are payable to the widow until death or remarriage, to unmarried children in equal shares until age 18 (until age 22 if a full-time student or until recovery from disability or until marriage if disabled), or to dependent parents in equal shares. However, if the member has been married for less than ten years, benefits are payable to the spouse only for the life expectancy of the deceased member at time of death.

6. Employee Contributions

10% of salary per year (on a pre-tax basis);

If contributions are refunded to the member or to his beneficiaries, then interest is credited at the rate of 3% per annum.

7. Pre-Employment Service

Effective October 1, 2010 members with at least 10 years of service may purchase up to four total years of additional service credit at the 3% accrual rate for time spent on active military duty and/or up to two total years of additional service credit at the 3% accrual rate for time spent on other full-time public safety service for which no other benefit is payable. Such member may also purchase an increase in benefit of 3% or 6% without purchasing service. The total of all combinations of pre-employment benefit purchased cannot exceed a 12% increase in accrual.

Pre-employment benefit service must be purchased within 36 months following September 30, 2010, or within 36 months following a member's completion of 10 years of creditable pension service under the pension plan, whichever occurs later for the member

8. Cost-of-Living Adjustment

Effective October 1, 2010, benefits are increased by 2.5% per year (1.5% per year for participants hired after July 14, 2010), compounded annually, on the anniversary date of each member's retirement. Members whose grandfathered Base Plan benefit is greater than the benefit otherwise provided by this plan will receive the applicable cost-of-living adjustment on that basis (2% a year beginning the October three years after retirement) until such time as the benefit from this plan with 2.5% cost-of-living exceeds that comparable grandfathered Base Plan benefit.

9. Deferred Retirement Option Program (DROP)

Police Officers and Firefighters are eligible to participate in a Deferred Retirement Option Program (DROP) upon meeting any one of the following criteria:

- the attainment of age 50 or
- the sum of the member's age and creditable service equal to at least 70

Operation of the DROP

- The member's monthly retirement benefit, based on final average earnings and service, will be calculated as of the date prior to them entering the DROP.
- The member's monthly pension will be deposited into the selected investment vehicles.
- The member will cease to accrue additional pension benefits (with the exception of the COLA under the pension plan).
- The member will no longer be eligible for Disability or Service Connected Death benefits from the Pension Plan.
- Member contributions to the Pension Plan will cease upon entering the DROP.
- Upon entering the DROP, the member will select the length of the DROP period. The maximum period of participation in the DROP is 36 months and 60 months for members who enter the DROP after September 1, 2012. Notwithstanding, participation may not continue beyond the date when the member's combined years of creditable service and time in the DROP equals 376 months (390 months for members hired after July 14, 2010).
- The member will not have access or be able to borrow against any of the funds accumulated in their DROP account.
- The member may sever his/her employment with the City at any time during the DROP period. Such separation will terminate their participation in the DROP.
- No payment will be made from the DROP account until the member severs their employment with the City
- Following severance of employment, the funds in the DROP will be paid under the options the member selected. The member will also start receiving their monthly pension which was previously being deposited in the DROP.
- A 2.5% COLA paid annually on the anniversary date of the member's retirement. For members who enter the DROP after September 1, 2012 there will be "0%" cost of living adjustment for the third and fourth annual anniversary date,

regardless of whether the member remains in the DROP for the maximum 5 year period. Any member who exits the DROP within 6 months following the date of DROP entry, shall be eligible for the 2.5% COLA annually on the anniversary date of the member's retirement.

10. Pensionable Pay

- Off-Duty pay is included in the computation of pensionable pay.
- Overtime included in pension computation for police officers
 - Limited in each year to an amount that is equal to 70% of the difference between the member's annualized pay rate at retirement and the highest annualized pay rate for the next higher salary rank. Overtime, off-duty and unused sick and/or vacation leave time can be used to reach the 70% limit. For police officers who are eligible for overtime pay and who retire on or after September 30, 2010, the value of the sick and/or vacation leave included in the overtime limit shall be reduced from the member's leave bank with an additional cost of 10% of the value of the leave hours used to reach the overtime limit
- Overtime included in pension computation for firefighters
 - Limited in each year to an amount that is equal to 11% of highest annualized pay rate for the same salary rank that the member is in at time of retirement. For firefighters who are eligible for overtime pay and who retire on or after September 30, 2010, overtime, off-duty and unused sick and/or vacation leave time can be used to reach the 11% limit.

PLAN AMENDMENTS

TABLE XIIa

The following amendments have been made:

1. Effective September 30, 2000, members of the post-May 18, 1993 plan were merged into the pre-May 19, 1993 benefit schedule.
2. Effective November 6, 2001, domestic partners of members registered with the City of Miami Beach are entitled to survivor benefits under the Fund.
3. Effective November 6, 2001, members with at least 20 years of service and eligible to retire may purchase certain prior public safety service or purchase an increased benefit. Total accrual from purchase of service, including military time, cannot exceed 12%.
4. Effective November 5, 2003, the normal form will include 120 guaranteed monthly payments.
5. Effective October 1, 2010 the following changes were made to the ordinance:
 - a. Service buybacks
 - i. Members with ten or more years of service are allowed to purchase up to four years of pre-employment military service, up to two years pre-employment public safety service, or either 3% or 6% additional benefit multiplier. The buybacks must be purchased with thirty six months following September 30, 2010 or thirty six months after the attainment of 10 years of creditable service. The total accrual of pre-employment military time, prior public safety time and multiplier can exceed 12%.
 - b. Pensionable pay
 - i. Off-Duty Pay is included in the computation of pensionable pay.
 - ii. Overtime included in pension computation for police officers limited in each year to an amount that is equal to 70% of the difference between the member's annualized pay rate at retirement and the highest annualized pay rate for the next higher salary rank.
 - iii. Overtime included in pension computation for firefighters limited in each year to an amount that is equal to 11% of highest annualized pay rate for the same salary rank that the member is in at time of retirement.
 - c. COLA anniversary
 - i. A 2.5% COLA paid annually on the anniversary date of the member's retirement.
 - d. DROP provisions for members who enter the DROP on or after September 1, 2012
 - i. Maximum DROP period of 60 months
 - ii. A 2.5% COLA paid annually on the anniversary date of the member's retirement, except with "0%" cost of living adjustment for the third and fourth annual anniversary date, regardless of whether the member remains in the DROP for the maximum 5 year period. Any member who exits the

DROP within 6 months following the date of DROP entry, shall be eligible for the 2.5% COLA annually on the anniversary date of the member's retirement.

- e. New Hires on or after September 1, 2012
 - i. 3% for each year of service up to 20 years and 4% for each year of service after 20 years to a maximum of 90%
 - ii. The sum of the member's age and creditable service equals at least 70, except that a member must attain age 48 to be eligible for the Rule of 70 retirement.
 - iii. Final average salary shall be based on the three (3) highest paid years or last three (3) years as the case may be, prior to retirement or separation from employment.
 - iv. Cost of living adjustment (COLA) will be 1.5% annually.

September 30, 2013

CONFIDENTIAL

Mrs. Celia B. Locke
Executive Director
City Pension Fund/Firefighters & Police Officers
City of Miami Beach
1691 Michigan Avenue, Suite 355
Miami Beach, FL 33139-2573

Actuarial Impact Statement for Ordinance Amendments to the City Pension Fund for Police Officers and Firefighters in the City of Miami Beach

Dear Celia:

This letter provides the estimated actuarial impact of the changes as summarized in the proposed Ordinance relating to the City Pension Fund for Police Officers and Firefighters in the City of Miami Beach (Pension Fund) effective September 30, 2013.

Summarized below are the plan changes and the cost impact of these changes. The following changes will become effective September 30, 2013 unless otherwise stated below.

- The average monthly salary for members hired prior to July 14, 2010 and retiring on or before September 30, 2015 shall be based on the average of the two highest paid years of the member prior to the date of retirement or termination. Members hired prior to July 14, 2010 and retiring after September 30, 2015 shall be based on the average of the three highest paid years of the member prior to the date of retirement or termination. Members hired on or after July 14, 2010 but prior to September 30, 2013 shall be based on the average of the three highest paid years of the member prior to the date of retirement or termination. Members hired on or after September 30, 2013 shall be based on the average of the five highest paid years of the member prior to the date of retirement or termination.
- Members retiring after September 30, 2013 shall be entitled to receive upon retirement a monthly pension payable for life equal to (1) 3% of the members average monthly salary for each year of the member's first 20 years of creditable service computed on a pro rata basis to the nearest month, provided in no event shall a member's benefit multiplier for creditable service earned before October 1, 2013 be reduced plus (2) 4% of the members average monthly salary for each year of the member's creditable service in excess of 20 years computed on a pro rata basis to the nearest month.

- Members benefit shall not exceed 85% of the members average monthly salary provided however that benefit for May 1993 members shall not exceed 80% of their average monthly salary and provided also that any member who has an accrued benefit in excess of 85% of their average monthly salary on September 30, 2013 shall not exceed 90% of their average monthly salary.
- In addition to the rule of 70, members hired before July 14, 2010 must attain age 47 to be eligible for retirement and members hired on or after July 14, 2010 must attain age 48 to be eligible for retirement. Notwithstanding the preceding sentence, any police officer member hired pursuant to a consent decree may retire when the sum of the member's age and creditable service equals at least 70.
- Any member hired prior to July 14, 2010 who completes a buyback of prior creditable service prior to September 30, 2013 and reaches the maximum pension benefit of 85% of average monthly salary prior to attaining age 47 will have their contribution cease as of the date such employee reaches the 85% maximum pension benefit and his/her final average monthly salary will be frozen on the same date.
- If any member eligible for benefits terminates his/her employment on or after September 30, 2013 after having completed at least 5 years of creditable service but prior to attaining age 50 (or after having completed one year of creditable service, but before attaining age 55 and completing 10 years of creditable service for a May 1993 member), and does not withdraw his accumulated contributions in the System, such a member shall be entitled to receive upon attaining age 50 (age 55 of his termination of employment, if later, for a May 1993 member) a monthly pension payable for life.
- Members of the System hired prior to September 30, 2013 shall contribute 10% of their salary to the Pension Fund. Members of the System hired on or after September 30, 2013 shall contribute 10.5% of their salary to the Pension Fund.
- Members will no longer be able to purchase an additional multiplier or pre-employment public safety service as a police officer or firefighter.
- Effective September 30, 2013, members with at least 5 years of creditable service under the System may contribute an additional amount of 10% for those hired prior to July 17, 2013 and 10.5% for those hired on or after July 17, 2013 to receive credit for their pre-employment military service. A member may purchase up to two years of such pre-employment military service at a 3% multiplier for each year. The purchase of pre-employment military service must be completed the later of 36 months following September 30, 2013 or the date the member completes 5 years of creditable service.

- The benefits of members hired before July 14, 2010, and the beneficiaries of such members, shall be increased by 2.5 % annually, commencing on the anniversary date of the member's retirement, except that members who enter the DROP on or after September 1, 2012 and before September 30, 2013, and participate in the DROP for six months or longer shall receive a zero percent (0%) cost of living adjustment for the third (3rd) and fourth (4th) annual adjustment dates. The benefits of members hired on or after July 14, 2010, and the beneficiaries of such members, shall be increased by 1.5 % annually, commencing on the anniversary date of the member's retirement.
- Pensionable salary shall exclude overtime pay in excess of 300 hours per calendar year, payments used for unused sick and vacation leave, hazardous duty pay (when paid), payments relating to domestic partner tax credit reimbursement, and payments to police officer members for voluntarily participating in a physical fitness assessment program offered by the City.
- No creditable service shall be provided under this System for periods of service in another City retirement plan, nor shall any transfer of service or credit from another City retirement plan be allowed.
- Police officer member's compensation for off-duty services, in combination with overtime pay not exceeding 300 hours per calendar year, shall not exceed 11% of the highest annualized pay rate for the same salary rank that the member is in at the time of retirement. The 11% limitation shall not apply to any member who holds the rank of sergeant or lieutenant on September 30, 2013, or any police officer promoted to the rank of sergeant prior to the date the 2013 Certified Police Sergeant Promotional Register expires in 2015.

Actuarial Impact

The proposed changes will be enacted during fiscal year 2013, so changes to required contributions will be based on the October 1, 2012 actuarial valuation with funding to commence in fiscal 2014. The actuarial impact shown in this letter is based on the October 1, 2012 actuarial valuation.

Following is the actuarial impact of the proposed changes:

	<u>Current Plan</u>	<u>Proposed Plan</u>	<u>Change</u>
Annual Cost			
Normal Cost	\$15,069,445	\$13,828,117	(\$1,241,328)
Amortization	23,986,250	22,832,807	(1,153,443)
Interest Adjustment	3,297,845	3,106,263	(191,582)
Expected Service Buyback	2,778,819	127,363	(2,651,456)
Administrative Expense	<u>697,141</u>	<u>697,141</u>	<u>0</u>
EOY Total Annual Cost	\$45,829,500	\$40,591,691	(\$5,237,809)
Expected Member Contributions	\$4,631,365	\$4,631,365	\$0
Expected Share Plan Contributions	120,549	120,549	0
EOY Estimated City Contributions	<u>41,077,586</u>	<u>35,839,777</u>	<u>(\$5,237,809)</u>
EOY Total Annual Cost	\$45,829,500	\$40,591,691	(\$5,237,809)
Annual Cost (as a % of Projected Payroll)			
Total Required Contribution	98.95%	87.65%	(11.30%)
Expected Member Contributions	10.00%	10.00%	0%
Expected State Contributions	0.26%	0.26%	0%
Expected City Contributions	88.69%	77.39%	(11.30%)

The above impact assumes that State contributions available to offset the City's contribution (as provided by the share plan) will not be affected by these changes. The Division of Retirement will review the treatment of State contributions upon their review of the actuarial impact statement.

Data, assumptions, Methods and Plan Provisions:

The calculations contained in this study are based on the data, assumptions, methods and plan provisions used for the October 1, 2012 actuarial valuation of the System, with the following exceptions:

- Due to the cap in pensionable salary excluding overtime hours in excess of 300 hours, we expect there would be a change in the load for overtime and other pays used to compute pensionable pay from base pay. To reflect this, we changed the load for overtime and other pays from 18% to 16%.
- Eliminating the ability for service buybacks with the exception of military service will change the assumption used to determine expected buybacks. We change the assumption for expected buybacks from 6% per annum to 0.275% per annum.
- We have reflected the following extension of Ranges for Firefighter I, Police Officer, Sergeant of Police and Police Lieutenant effective April 1, 2015 (Proposed Maximum includes the 3% COLA payable on October 1, 2014 and 5% additional Step effective April 1, 2015 for eligible members)

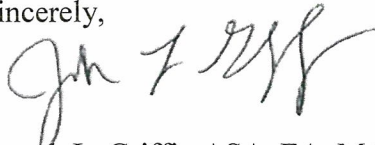
	Current Minimum	Current Maximum		Proposed Minimum	Proposed Maximum
Firefighter I – Day Shift	45,139.11	74,745.85		45,139.11	80,837.64
Police Officer	53,309.01	75,033.33		53,309.01	81,148.55
Police Sergeant	78,748.42	86,852.71		78,748.42	93,931.21
Police Lieutenant	86,852.71	100,532.31		86,852.71	108,725.69

Actuarial Certification

The calculation of the actuarial impact for the plan changes were performed in accordance with the standards of practice prescribed by the Actuarial Standards Board. I am a Member of the Academy of Actuaries and meet the Academy's qualification standards to issue this Statement of Actuarial Opinion.

Please let us know if you have any questions or need anything further.

Sincerely,



Joseph L. Griffin ASA, EA, MAAA, FCA
Director, Consulting Actuary

cc: Mr. David Campbell – Buck Consultants/Atlanta
Mr. Steward Sainvil – Buck Consultants/Atlanta